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RECORDS OF THE UNITED STATES

NUERNBERG WAR CRIMES TRIALS

UNITED STATES OF AMERICA v. CARL KRAUCH ET AL. (CASE VI)

AUGUST 14, 1947-JULY 30, 1948

Roll 42

Prosecution Document Books

XLVIII-LV



**THE NATIONAL ARCHIVES
NATIONAL ARCHIVES AND RECORDS SERVICE
GENERAL SERVICES ADMINISTRATION**

WASHINGTON: 1976

INTRODUCTION

On the 113 rolls of this microfilm publication are reproduced the records of Case VI, *United States of America v. Carl Krauch et al.* (I. G. Farben Case), 1 of the 12 trials of war criminals conducted by the U.S. Government from 1946 to 1949 at Nuernberg subsequent to the International Military Tribunal (IMT) held in the same city. These records consist of German- and English-language versions of official transcripts of court proceedings, prosecution and defense briefs and statements, and defendants' final pleas as well as prosecution and defense exhibits and document books in one language or the other. Also included are minute books, the official court file, order and judgment books, clemency petitions, and finding aids to the documents.

The transcripts of this trial, assembled in 2 sets of 43 bound volumes (1 set in German and 1 in English), are the recorded daily trial proceedings. Prosecution statements and briefs are also in both languages but unbound, as are the final pleas of the defendants delivered by counsel or defendants and submitted by the attorneys to the court. Unbound prosecution exhibits, numbered 1-2270 and 2300-2354, are essentially those documents from various Nuernberg record series, particularly the NI (Nuernberg Industrialist) Series, and other sources offered in evidence by the prosecution in this case. Defense exhibits, also unbound, are predominantly affidavits by various persons. They are arranged by name of defendant and thereunder numerically, along with two groups of exhibits submitted in the general interest of all defendants. Both prosecution and defense document books consist of full or partial translations of exhibits into English. Loosely bound in folders, they provide an indication of the order in which the exhibits were presented before the tribunal.

Minute books, in two bound volumes, summarize the transcripts. The official court file, in nine bound volumes, includes the progress docket, the indictment, and amended indictment and the service thereof; applications for and appointments of defense counsel and defense witnesses and prosecution comments thereto; defendants' application for documents; motions and reports; uniform rules of procedures; and appendixes. The order and judgment books, in two bound volumes, represent the signed orders, judgments, and opinions of the tribunal as well as sentences and commitment papers. Defendants' clemency petitions, in three bound volumes, were directed to the military governor, the Judge Advocate General, and the U.S. District Court for the District of Columbia. The finding aids summarize transcripts, exhibits, and the official court file.

Case VI was heard by U.S. Military Tribunal VI from August 14, 1947, to July 30, 1948. Along with records of other Nuernberg

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and Far East war crimes trials, the records of this case are part of the National Archives Collection of World War II War Crimes Records, Record Group 238.

The I. G. Farben Case was 1 of 12 separate proceedings held before several U.S. Military Tribunals at Nuernberg in the U.S. Zone of Occupation in Germany against officials or citizens of the Third Reich, as follows:

| <u>Case No.</u> | <u>United States v.</u> | <u>Popular Name</u> | <u>No. of Defendants</u> |
|-----------------|-------------------------------------|--------------------------------------|--------------------------|
| 1 | <i>Karl Brandt et al.</i> | Medical Case | 23 |
| 2 | <i>Erhard Milch</i> | Milch Case (Luftwaffe) | 1 |
| 3 | <i>Josef Altstoetter et al.</i> | Justice Case | 16 |
| 4 | <i>Oswald Pohl et al.</i> | Pohl Case (SS) | 18 |
| 5 | <i>Friedrich Flick et al.</i> | Flick Case (Industrialist) | 6 |
| 6 | <i>Carl Krauch et al.</i> | I. G. Farben Case (Industrialist) | 24 |
| 7 | <i>Wilhelm List et al.</i> | Hostage Case | 12 |
| 8 | <i>Ulrich Greifelt et al.</i> | RuSHA Case (SS) | 14 |
| 9 | <i>Otto Ohlendorf et al.</i> | Einsatzgruppen Case (SS) | 24 |
| 10 | <i>Alfried Krupp et al.</i> | Krupp Case (Industrialist) | 12 |
| 11 | <i>Ernst von Weizsaecker et al.</i> | Ministries Case | 21 |
| 12 | <i>Wilhelm von Leeb et al.</i> | High Command Case | 14 |

Authority for the proceedings of the IMT against the major Nazi war criminals derived from the Declaration on German Atrocities (Moscow Declaration) released November 1, 1943; Executive Order 9547 of May 2, 1945; the London Agreement of August 8, 1945; the Berlin Protocol of October 6, 1945; and the IMT Charter.

Authority for the 12 subsequent cases stemmed mainly from Control Council Law 10 of December 20, 1945, and was reinforced by Executive Order 9679 of January 16, 1946; U.S. Military Government Ordinances 7 and 11 of October 18, 1946, and February 17, 1947, respectively; and U.S. Forces, European Theater General Order 301 of October 24, 1946. Procedures applied by U.S. Military Tribunals in the subsequent proceedings were patterned after those of the IMT and further developed in the 12 cases, which required over 1,200 days of court sessions and generated more than 330,000 transcript pages.

Formation of the I. G. Farben Combine was a stage in the evolution of the German chemical industry, which for many years led the world in the development, production, and marketing of organic dyestuffs, pharmaceuticals, and synthetic chemicals. To control the excesses of competition, six of the largest chemical firms, including the Badische Anilin & Soda Fabrik, combined to form the Interessengemeinschaft (Combine of Interests, or Trust) of the German Dyestuffs Industry in 1904 and agreed to pool technological and financial resources and markets. The two remaining chemical firms of note entered the combine in 1916. In 1925 the Badische Anilin & Soda Fabrik, largest of the firms and already the majority shareholder in two of the other seven companies, led in reorganizing the industry to meet the changed circumstances of competition in the post-World War markets by changing its name to the I. G. Farbenindustrie Aktiengesellschaft, moving its home office from Ludwigshafen to Frankfurt, and merging with the remaining five firms.

Farben maintained its influence over both the domestic and foreign markets for chemical products. In the first instance the German explosives industry, dependent on Farben for synthetically produced nitrates, soon became subsidiaries of Farben. Of particular interest to the prosecution in this case were the various agreements Farben made with American companies for the exchange of information and patents and the licensing of chemical discoveries for foreign production. Among the trading companies organized to facilitate these agreements was the General Anilin and Film Corp., which specialized in photographic processes. The prosecution charged that Farben used these connections to retard the "Arsenal of Democracy" by passing on information received to the German Government and providing nothing in return, contrary to the spirit and letter of the agreements.

Farben was governed by an Aufsichtsrat (Supervisory Board of Directors) and a Vorstand (Managing Board of Directors). The Aufsichtsrat, responsible for the general direction of the firm, was chaired by defendant Krauch from 1940. The Vorstand actually controlled the day-to-day business and operations of Farben. Defendant Schmitz became chairman of the Vorstand in 1935, and 18 of the other 22 original defendants were members of the Vorstand and its component committees.

Transcripts of the I. G. Farben Case include the indictment of the following 24 persons:

Otto Ambros: Member of the Vorstand of Farben; Chief of Chemical Warfare Committee of the Ministry of Armaments and War Production; production chief for Buna and poison gas; manager of Auschwitz, Schkopau, Ludwigshafen, Oppau, Gendorf, Dyhernfurth, and Falkenhagen plants; and Wehrwirtschaftsfuehrer.

Max Brueggemann: Member and Secretary of the Vorstand of Farben; member of the legal committee; Deputy Plant Leader of the Leverkusen Plant; Deputy Chief of the Sales Combine for Pharmaceuticals; and director of the legal, patent, and personnel departments of the Works Combine, Lower Rhine.

Ernst Buergin: Member of the Vorstand of Farben; Chief of Works Combine, Central Germany; Plant Leader at the Bitterfeld and Wolfen-Farben plants; and production chief for light metals, dyestuffs, organic intermediates, plastics, and nitrogen at these plants.

Heinrich Buetafisch: Member of the Vorstand of Farben; manager of Leuna plants; production chief for gasoline, methanol, and chlorine electrolysis production at Auschwitz and Moosbierbaum; Wehrwirtschaftsfuehrer; member of the Himmler Freundeskreis (circle of friends of Himmler); and SS Obersturmbannfuehrer (Lieutenant Colonel).

Walter Duerrfeld: Director and construction manager of the Auschwitz plant of Farben, director and construction manager of the Monowitz Concentration Camp, and Chief Engineer at the Leuna plant.

Fritz Gajewski: Member of the Central Committee of the Vorstand of Farben, Chief of Sparte III (Division III) in charge of production of photographic materials and artificial fibers, manager of "Agfa" plants, and Wehrwirtschaftsfuehrer.

Heinrich Gattineau: Chief of the Political-Economic Policy Department, "WIPO," of Farben's Berlin N.W. 7 office; member of Southeast Europe Committee; and director of A.G. Dynamit Nobel, Pressburg, Czechoslovakia.

Paul Haefliger: Member of the Vorstand of Farben; member of the Commercial Committee; and Chief, Metals Departments, Sales Combine for Chemicals.

Erich von der Heyde: Member of the Political-Economic Policy Department of Farben's Berlin N.W. 7 office, Deputy to the Chief of Intelligence Agents, SS Hauptsturmfuehrer, and member of the WI-RUE-AMT (Military Economics and Armaments Office) of the Oberkommando der Wehrmacht (OKW) (High Command of the Armed Forces).

Heinrich Hoerlein: Member of the Central Committee of the Vorstand of Farben; chief of chemical research and development of vaccines, sera, pharmaceuticals, and poison gas; and manager of the Elberfeld Plant.

- Max Ilgner: Member of the Vorstand of Farben; Chief of Farben's Berlin N.W. 7 office directing intelligence, espionage, and propaganda activities; member of the Commercial Committee; and Wehrwirtschaftsfuehrer.
- Friedrich Jaehne: Member of the Vorstand of Farben; chief engineer in charge of construction and physical plant development; Chairman of the Engineering Committee; and Deputy Chief, Works Combine, Main Valley.
- August von Knieriem: Member of the Central Committee of the Vorstand of Farben; Chief Counsel of Farben; and Chairman, Legal and Patent Committees.
- Carl Krauch: Chairman of the Aufsichtsrat of Farben and Generalbevollmaechtigter fuer Sonderfragen der Chemischen Erzeugung (General Plenipotentiary for Special Questions of Chemical Production) on Goering's staff in the Office of the 4-Year Plan.
- Hans Kuehne: Member of the Vorstand of Farben; Chief of the Works Combine, Lower Rhine; Plant Leader at Leverkusen, Elberfeld, Uerdingen, and Dormagen plants; production chief for inorganics, organic intermediates, dyestuffs, and pharmaceuticals at these plants; and Chief of the Inorganics Committee.
- Hans Kugler: Member of the Commercial Committee of Farben; Chief of the Sales Department Dyestuffs for Hungary, Rumania, Yugoslavia, Greece, Bulgaria, Turkey, Czechoslovakia, and Austria; and Public Commissar for the Falkenau and Aussig plants in Czechoslovakia.
- Carl Lautenschlaeger: Member of the Vorstand of Farben; Chief of Works Combine, Main Valley; Plant Leader at the Hoechst, Griesheim, Mainkur, Gersthofen, Offenbach, Eystrup, Marburg, and Neuhausen plants; and production chief for nitrogen, inorganics, organic intermediates, solvents and plastics, dyestuffs, and pharmaceuticals at these plants.
- Wilhelm Mann: Member of the Vorstand of Farben, member of the Commercial Committee, Chief of the Sales Combine for Pharmaceuticals, and member of the SA.
- Fritz ter Meer: Member of the Central Committee of the Vorstand of Farben; Chief of the Technical Committee of the Vorstand that planned and directed all of Farben's production; Chief of Sparte II in charge of production of Buna, poison gas, dyestuffs, chemicals, metals, and pharmaceuticals; and Wehrwirtschaftsfuehrer.

Heinrich Oster: Member of the Vorstand of Farben, member of the Commercial Committee, and manager of the Nitrogen Syndicate.

Hermann Schmitz: Chairman of the Vorstand of Farben, member of the Reichstag, and Director of the Bank of International Settlements.

Christian Schneider: Member of the Central Committee of the Vorstand of Farben; Chief of Sparte I in charge of production of nitrogen, gasoline, diesel and lubricating oils, methanol, and organic chemicals; Chief of Central Personnel Department, directing the treatment of labor at Farben plants; Wehrwirtschaftsfuehrer; Hauptabwehrbeauftragter (Chief of Intelligence Agents); Hauptbetriebsfuehrer (Chief of Plant Leaders); and supporting member of the Schutzstaffeln (SS) of the NSDAP.

Georg von Schnitzler: Member of the Central Committee of the Vorstand of Farben, Chief of the Commercial Committee of the Vorstand that planned and directed Farben's domestic and foreign sales and commercial activities, Wehrwirtschaftsfuehrer (Military Economy Leader), and Hauptsturmfuehrer (Captain) in the Sturmabteilungen (SA) of the Nazi Party (NSDAP).

Carl Wurster: Member of the Vorstand of Farben; Chief of the Works Combine, Upper Rhine; Plant Leader at Ludwigshafen and Oppau plants; production chief for inorganic chemicals; and Wehrwirtschaftsfuehrer.

The prosecution charged these 24 individual staff members of the firm with various crimes, including the planning of aggressive war through an alliance with the Nazi Party and synchronization of Farben's activities with the military planning of the German High Command by participation in the preparation of the 4-Year Plan, directing German economic mobilization for war, and aiding in equipping the Nazi military machines.¹ The defendants also were charged with carrying out espionage and intelligence activities in foreign countries and profiting from these activities. They participated in plunder and spoliation of Austria, Czechoslovakia, Poland, Norway, France, and the Soviet Union as part of a systematic economic exploitation of these countries. The prosecution also charged mass murder and the enslavement of many thousands of persons particularly in Farben plants at the Auschwitz and Monowitz concentration camps and the use of poison gas manufactured by the firm in the extermination

¹The trial of defendant Brueggemann was discontinued early during the proceedings because he was unable to stand trial on account of ill health.

of millions of men, women, and children. Medical experiments were conducted by Farben on enslaved persons without their consent to test the effects of deadly gases, vaccines, and related products. The defendants were charged, furthermore, with a common plan and conspiracy to commit crimes against the peace, war crimes, and crimes against humanity. Three defendants were accused of membership in a criminal organization, the SS. All of these charges were set forth in an indictment consisting of five counts.

The defense objected to the charges by claiming that regulations were so stringent and far reaching in Nazi Germany that private individuals had to cooperate or face punishment, including death. The defense claimed further that many of the individual documents produced by the prosecution were originally intended as "window dressing" or "howling with the wolves" in order to avoid such punishment.

The tribunal agreed with the defense in its judgment that none of the defendants were guilty of Count I, planning, preparation, initiation, and waging wars of aggression; or Count V, common plans and conspiracy to commit crimes against the peace and humanity and war crimes.

The tribunal also dismissed particulars of Count II concerning plunder and exploitation against Austria and Czechoslovakia. Eight defendants (Schmitz, von Schnitzler, ter Meer, Buergin, Haefliger, Ilgner, Oster, and Kugler) were found guilty on the remainder of Count II, while 15 were acquitted. On Count III (slavery and mass murder), Ambros, Buetefisch, Duerrfeld, Krauch, and ter Meer were judged guilty. Schneider, Buetefisch, and von der Heyde also were charged with Count IV, membership in a criminal organization, but were acquitted.

The tribunal acquitted Gajewski, Gattineau, von der Heyde, Hoerlein, von Knieriem, Kuehne, Lautenschlaeger, Mann, Schneider, and Wurster. The remaining 13 defendants were given prison terms as follows:

| <u>Name</u> | <u>Length of Prison Term (years)</u> |
|----------------|--------------------------------------|
| Ambros | 8 |
| Buergin | 2 |
| Buetefisch | 6 |
| Duerrfeld | 8 |
| Haefliger | 2 |
| Ilgner | 3 |
| Jaehne | 1 1/2 |
| Krauch | 6 |
| Kugler | 1 1/2 |
| Oster | 2 |
| Schmitz | 4 |
| von Schnitzler | 5 |
| ter Meer | 7 |

All defendants were credited with time already spent in custody.

In addition to the indictments, judgments, and sentences, the transcripts also contain the arraignment and plea of each defendant (all pleaded not guilty) and opening statements of both defense and prosecution.

The English-language transcript volumes are arranged numerically, 1-43, and the pagination is continuous, 1-15834 (page 4710 is followed by pages 4710(1)-4710(285)). The German-language transcript volumes are numbered 1a-43a and paginated 1-16224 (14a and 15a are in one volume). The letters at the top of each page indicate morning, afternoon, or evening sessions. The letter "C" designates commission hearings (to save court time and to avoid assembling hundreds of witnesses at Nuernberg, in most of the cases one or more commissions took testimony and received documentary evidence for consideration by the tribunals). Two commission hearings are included in the transcripts: that for February 7, 1948, is on pages 6957-6979 of volume 20 in the English-language transcript, while that for May 7, 1948, is on pages 14775a-14776 of volume 40a in the German-language transcript. In addition, the prosecution made one motion of its own and, with the defense, six joint motions to correct the English-language transcripts. Lists of the types of errors, their location, and the prescribed corrections are in several volumes of the transcripts as follows:

- First Motion of the Prosecution, volume 1
- First Joint Motion, volume 3
- Second Joint Motion, volume 14
- Third Joint Motion, volume 24
- Fourth Joint Motion, volume 29
- Fifth Joint Motion, volume 34
- Sixth Joint Motion, volume 40

The prosecution offered 2,325 prosecution exhibits numbered 1-2270 and 2300-2354. Missing numbers were not assigned due to the difficulties of introducing exhibits before the commission and the tribunal simultaneously. Exhibits 1835-1838 were loaned to an agency of the Department of Justice for use in a separate matter, and apparently No. 1835 was never returned. Exhibits drew on a variety of sources, such as reports and directives as well as affidavits and interrogations of various individuals. Maps and photographs depicting events and places mentioned in the exhibits are among the prosecution resources, as are publications, correspondence, and many other types of records.

The first item in the arrangement of prosecution exhibits is usually a certificate giving the document number, a short description of the exhibits, and a statement on the location of the original document or copy of the exhibit. The certificate is followed by the actual prosecution exhibit (most are photostats,

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but a few are mimeographed articles with an occasional carbon of the original). The few original documents are often affidavits of witnesses or defendants, but also ledgers and correspondence, such as:

| <u>Exhibit No.</u> | <u>Doc. No.</u> | <u>Exhibit No.</u> | <u>Doc. No.</u> |
|--------------------|-----------------|--------------------|-----------------|
| 322 | NI 5140 | 1558 | NI 11411 |
| 918 | NI 6647 | 1691 | NI 12511 |
| 1294 | NI 14434 | 1833 | NI 12789 |
| 1422 | NI 11086 | 1886 | NI 14228 |
| 1480 | NI 11092 | 2313 | NI 13566 |
| 1811 | NI 11144 | | |

In rare cases an exhibit is followed by a translation; in others there is no certificate. Several of the exhibits are of poor legibility and a few pages are illegible.

Other than affidavits, the defense exhibits consist of newspaper clippings, reports, personnel records, Reichgesetzblatt excerpts, photographs, and other items. The 4,257 exhibits for the 23 defendants are arranged by name of defendant and thereunder by exhibit number. Individual exhibits are preceded by a certificate wherever available. Two sets of exhibits for all the defendants are included.

Translations in each of the prosecution document books are preceded by an index listing document numbers, biased descriptions, and page numbers of each translation. These indexes often indicate the order in which the prosecution exhibits were presented in court. Defense document books are similarly arranged. Each book is preceded by an index giving document number, description, and page number for every exhibit. Corresponding exhibit numbers generally are not provided. There are several unindexed supplements to numbered document books. Defense statements, briefs, pleas, and prosecution briefs are arranged alphabetically by defendant's surname. Pagination is consecutive, yet there are many pages where an "a" or "b" is added to the numeral.

At the beginning of roll 1 key documents are filmed from which Tribunal VI derived its jurisdiction: the Moscow Declaration, U.S. Executive Orders 9547 and 9679, the London Agreement, the Berlin Protocol, the IMT Charter, Control Council Law 10, U.S. Military Government Ordinances 7 and 11, and U.S. Forces, European Theater General Order 301. Following these documents of authorization is a list of the names and functions of members of the tribunal and counsels. These are followed by the transcript covers giving such information as name and number of case, volume numbers, language, page numbers, and inclusive dates. They are followed by the minute book, consisting of summaries of the daily proceedings, thus providing an additional finding aid for the transcripts. Exhibits are listed in an index that notes the

type, number, and name of exhibit; corresponding document book, number, and page; a short description of the exhibit; and the date when it was offered in court. The official court file is summarized by the progress docket, which is preceded by a list of witnesses.

Not filmed were records duplicated elsewhere in this microfilm publication, such as prosecution and defense document books in the German language that are largely duplications of the English-language document books.

The records of the I. G. Farben Case are closely related to other microfilmed records in Record Group 238, specifically prosecution exhibits submitted to the IMT, T988; NI (Nuernberg Industrialist) Series, T301; NM (Nuernberg Miscellaneous) Series, M-936; NOKW (Nuernberg Armed Forces High Command) Series, T1119; NG (Nuernberg Government) Series, T1139; NP (Nuernberg Propaganda) Series, M942; WA (undetermined) Series, M946; and records of the Brandt case, M887; the Milch Case, M888; the Altstoetter case, M889; the Pohl Case, M890; the Flick Case, M891; the List case, M893; the Greifelt case, M894; and the Ohlendorf case, M895. In addition, the record of the IMT at Nuernberg has been published in the 42-volume *Trial of the Major War Criminals Before the International Military Tribunal* (Nuernberg, 1947). Excerpts from the subsequent proceedings have been published in 15 volumes as *Trials of War Criminals Before the Nuernberg Military Tribunal Under Control Council Law No. 10* (Washington). The Audiovisual Archives Division of the National Archives and Records Service has custody of motion pictures and photographs of all 13 trials and sound recordings of the IMT proceedings.

Martin K. Williams arranged the records and, in collaboration with John Mendelsohn, wrote this introduction.

JG - Falben

MILITARY TRIBUNAL NO. —

Case No. *VI* —

Prosecution Document Book No. —

XXXXVIII

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Engl.



INDEX TO DOCUMENT BOOK NO. XXXX ^{VIII}
COUNT I. G.

FARBEN CARRIED ON PROP GANDA INTELLIGENCE AND
SPIONAGE ACTIVITIES.

| Exhibit No. | Document No. | Description | Page No. |
|----------------|-----------------|--|-------------|
| | VI-7672 | Correspondence of January, February and March 1938 between Reithinger of the Economics Research Department (VOE) and Chemnyco concerning the transmittal of information of technical developments in the U.S. | 1 |
| | VI-7577 | Two letters from Chemnyco dated 8 February 1938 and 16 August 1938 to U.S. Government agencies requesting information of mineral reserves of Eastern Europe and the mineral industry of Soviet Russia. | 4 |
| | VI-10645 | Cable of 6 April 1936 from Anilino Fabrik to Hochavender of Chemnyco requesting inquiry as to whether proposed purchases of chemicals by the Netherlands Purchasing Company of Standard was intended for use as insecticide or war material. | 9 |
| | VI-10622 | Excerpts from letter of Chemnyco to Mr LEEB dated 6 March 1938 in which Chemnyco states that negotiations for I.G. Farben with Dow-Goodysier were conducted in such a manner as to permit continued observations of Dow's and Goodysier's experiments. | 10 |
| | VI-10579 | Excerpts from 1938 Chemnyco reports on synthetic rubber experiments in the U.S. | 11 |
| | VI-10556 | Excerpts from Chemnyco's file concerning visitors from I.G. Farben to the U.S. in 1937 and 1938. | 16 |
| | VI-7575 | Letter of 27 June 1938 from Chemnyco to Wilson Meyer of California in which it is stated that Zieker and Ritter of I.G. Farben were visiting various airplane factories in the U.S. with the permission of the War Department. | 28 |



| Exhibit No. | Document No. | Description | Page No. |
|-------------|--------------|---|----------|
| | NI-1147 | Letter from Ziegler to Fischer of I.G. Farben dated 20 November 1939 transmitting location data concerning certain British factories for light metal based on numerous visits to those plants made by Ziegler; other correspondence relating to the transmission of plans and data of British factories to the Luftwaffe. | 29 |
| | NI-10646 | Letter from Maensing to Chemnyco dated 25 May 1937 recommending three Japanese technicians to Chemnyco and requesting Chemnyco's help in facilitating their inspection of a Standard Oil Co. plant. | 33 |
| | NI-11346 | Affidavit by Bello Mayer of 27 September 1947 certifying document NI-10423. | 34 |
| | NI-10423 | Various maps taken from the files of Chemnyco including one of approaches to the Panama Canal. | 35 |
| | NI-11197 | Letter of transmittal of 29 July 1940, to Krauch, Schneider, v. Enrie-riem and Buctefisch, and copy of confidential letter from I.G.F. Ludwigshafen Sparte I to the German Ministry of Economics concerning services rendered by Chemnyco to I.G. Farben. | 36 |
| | NI-7983 | Excerpts from the Docket Entries by the clerk of the District Court of the U.S. for the Southern District of New York in the matter of U.S. vs. Rudolf Ilgnor. | 41 |
| | NI-10925 | Excerpts from study of Federal Economic Administration of 10 October 1 1945 concerning international cartel and Nazi-espionage activities. | 43 |
| | NI-1570 | Correspondence between Max Ilgnor, von Tirpitz, and Lennore in the latter part of 1936 and early 1937 concerning a memorandum prepared by Ilgnor on the promotion of exports within the framework of the Four Year Plan; and the memorandum. | 45 |

| Exhibit No. | Document No. | Description | Page No. |
|-------------|--------------|--|----------|
| 361 | NI-653 | Letter of 12 August 1937 from Schnitzler to Bosch in which Schnitzler describes the importance of export promotion in connection with the Four Year Plan and the establishment of a Commercial Committee within I.G. Farben | 76 |
| | NI-2640 | Letter by Ilgner and Frank-Fabre of 22 September 1937 announcing the organization of a Commercial Committee and enclosing a plan entitled "Conditions and Fields of Activities of I.G. Berlin N7 7" in which it is stated that the world's market for raw materials needed close watching in connection with the Four Year Plan. | 77 |
| | NI-4927 | Minutes of a Commercial Committee meeting of 20 August 1937 in which it was noted that following a debate on the Latin America report by Ilgner, the duties of and type of persons to be selected as Verbindungsmänner were discussed. | 78 |
| | NI-6486 | Affidavit by Helmuth Lorenz of 11 April 1947 in which Lorenz discusses reasons for the institution of the Verbindungsmänner system. | 90 |
| | NI-5744 | Excerpts from minutes of a Mail Meeting of 19 November 1937 in which it was noted that the appointments of Verbindungsmänner were to be made only through the Commercial Committee. | 75 |
| | NI-6122 | Letters of November 1936 concerning the appointment of a Verbindungsmann in Spain in which it is noted that on the basis of their knowledge of conditions, Verbindungsmänner should be able to observe developments in their country correctly. | 94 |
| | NI-5521 | Minutes of a Commercial Committee meeting of 11 March 1938 in which it is noted that prominent individuals traveling abroad are to receive information from Verbindungsmänner, and that the type of persons selected as Verbindungsmänner could be relied on for the discretion necessary in such matters. | 108 |

| Exhibit Document No. | Description | Page No. |
|----------------------|--|----------|
| NI-5077 | Minutes of a Commercial Committee meeting of 7 October 1938 in which it is noted that Overhoff's report on Latin America was discussed, that certain action was to be taken, and reference is made to the necessity for extreme caution in correspondence with agencies abroad. | 102 |
| 156 NI-1137 | Letter of 6 November 1937 from the Legal Department of I.G. Berlin 50 36 to the Legal Department Frankfurt and file memorandum of 5 November 1937 concerning the handling of confidential correspondence. | 106 |
| NI-4842 | Memorandum dated 19 September 1939 by Legal Department of I.G. Farben to members of the Dyestuffs Committee concerning confidential correspondence and cable communications. | 110 |
| NI-8644 | Confidential memoranda dated 2 November 1939 and 9 January 1940 from the Managing Department of the Chemical Division to section chiefs concerning cover addresses for shipment of goods and correspondence. | 112 |
| NI-1130 | Confidential letter of 18 August 1941 by Ambassador Morath to Terhaar (TIPO) requesting that nothing should appear in correspondence to Central and South America that would supply basis for claims that Germany was engaging in 5th Column activities and that communication likely to irritate censors should be sent through the Foreign Office. | 118 |
| NI-6546 | Affidavits by Justus Saxon dated 20 March 1947 and 18 April 1947 in which he discusses the Verbindungsmann, the nature of their reports, and the distribution of these reports. | 120 |
| NI-7061 | Letter of 21 October 1939 from Hildebrandt to Warbeland, copy of a report by Haas on the political situation in China dated 18 October 1939 together with a transmittal letter to Taibel. | 133 |

2 February 1938

I.G. Farbenindustrie Aktiengesellschaft
Economic Archives
Berlin W. 7
Unter den Linden 83

for the attention of Dr. A. REITER

Technical statistical material.
Our letter of 16 ultimo

With reference to the above letter we are sending you enclosed 3 photographic copies from "Industrial & Engineering Chemistry", New Edition of 20 January 1938:

"Exit Glass Stoppers"
"Organic Alkali"

1 copy from the same journal of the same date:

"New Fertilizer Compound"

2 newspaper cuttings from the New York Times

of 23 January 1938 "Big Lithium Store Found"
of 27 January 1938 "New Metal-Casting Method by
Latent Heat Expected to Revolutionize
Industry"

We should be grateful if you would pass in the enclosures to the interested agencies. As already mentioned in the above letter, we shall, of course, be glad to get further details at your request.

Yours faithfully,

IGFB
E. H. LUNWIG

EHL:cb
Enclosures.

signed: E. H. LUNWIG.

18 January 1938

To
I.G. Farbenindustrie Aktiengesellschaft
Economic Archives
Berlin N.W. 7
Unter den Linden 82

for the attention of Dr. A. BRICHINGER

Technical statistical material.

Enclosed we beg to send you newspaper cutting from the
Journal of Commerce of 13th inst.

"Waste converted into synthetics"

and photostatic copy of an article from "Industrial and Engi-
neering Chemistry" of January 1938,

"Children of prosperity"

with the request to pass these on to the interested departments.

On this occasion we are sending you a newspaper cutting
from the New York Times of 7 September 1937

"Explosive of war obtained from oil".

Under separate cover we are sending you 4 small booklets:

Symposium on the chemical utilization of petroleum hydro-
carbons

Symposium on characteristic properties of hydrocarbons
and their derivatives as related to structure.

The general meeting of the petroleum division of the
American Chemical Society.

Symposium on gaseous combustion.

(General Meeting American Chemical Society - Sept. 8 - 10, 1937),

(page 3 of original)

which complete the 1st mentioned cutting.

Furthermore we are sending you enclosed a cutting from
New York Herald Tribune of 18 June of last year concerning

"Synthetic Enamel described to Decorators"

and a supplementary excerpt from a speech delivered by Dr. James
K. HUNT of the E. I. du Pont de Nemours & Company on 17 June last
year before the American Institute of Decorators on the same pro-
duct.

Although the last two newspaper cuttings are of an earlier

(page 2 of original, cont'd)

date, we are able to send them to you only to-day as further details only reached us a short while ago.

We would like to add that we shall of course be glad at any time to furnish you with further details in connection with the papers sent you upon hearing from you.

Yours faithfully

cc
Copy to Mr. R.W. Ilgner

CHEMICO INC.

signed: E. E. LUDWIG

7 February 1938

I.G. Farbenindustrie Aktiengesellschaft
Economic Archives
Berlin N.W. 7
Unter den Linden 82.

for the attention of Dr. A. SPITZMULLER

Technical statistical material.
Our letter of 3rd inst.

Enclosed we beg to send you

Memorandum - excerpt from "Mineral Trade Notes, 30 Dec 1937.-
page 1b
Phosphorus- " " " " " " 30 Dec. 1937.-
page 32

Transparent Plastic Used to prepare Insects - Photographic copy
Science News Letter, 22 Jan 1938

Powerful Microscope makes very tiny objects visible - Photographic copy
Science News Letter, 22 Jan 1938

New Drug cuts Anesthetic action as a Reducer - Newspaper cutting
Herald Tribune, 28 Jan. 1938

Chemical replaces Pollen as Strawberry Fertilizer - Newspaper
cutting Herald Tribune, 29 Jan 1938

Reports 2 - Cont raw oil runs, lubricates Engines - Newspaper
cutting, New York Times, 29 Jan. 1938

Federal Chemists add millions to Farm Income - Newspaper cutting,
Herald Tribune, 30 Jan. 1938

(page 1 of original, cont'd)

Synthetic Diamond is Patent's Claim - Newspaper cutting, New York Times, 6 Febr. 1938

80-ton Atom Smasher makes Salt Radioactive - Newspaper cutting Herald Tribune, 6 Febr. 1938

(page 2 of original)

Keeping Your House in Tune with Modern Developments - Newspaper Cutting, Herald Tribune, 6 March 1938

New Process Perfected to Separate Metallic Impurities from Ink - Newspaper cutting - Wall Street Journal - 9 March 1938

New Process Develops Photographs on Metal - Newspaper cutting Herald Tribune - 19 March 1938

Furthermore we are sending you the following printed matter:

Acetone - A New Fertilizer Compound - Bulletin No. 4 - Du Pont

Carbi Wax - for the manufacture of Waterproof Bright Dyeing - The Beacon Company, Boston, Mass.

Friton B - Booth & Ross, Philadelphia, Pa.

Termitole Penetrants - Carbide and Carbon Chemicals Corporation.*)

Yours faithfully

CHELYCO INC.

nb
Enclosures
copy (1)

signed: E. E. LEWIS.

*) under separate cover as printed matter.

24 March 1938

I.G. Farbenindustrie Aktiengesellschaft
Economic Archives
Berlin E.P. 7
Unter den Linden 62

For the attention of Dr. A. REITERER

Technical statistical material.
Your letter of 16 ultimo - Doc/282

Enclosed we beg to send you

Electrometallurgical Investigations - Report of Investigations
Department of the Interior, Washington, D.C. *)

Magnesium - Bulletin P by E.A. Deerner - The State College of
Washington *)

Quartz - New Hydraulic Cement - Mineral Trade Notes, 30 Dec. 1937
- 3.29

Human Autonomic Pharmacology - Treatment of Obesity - Article
from The New England Journal of Medicine, Jan. 30 1938

Goodrich Develops New Tire - Newspaper cutting, Wall Street
Journal 28 Jan. 1938

Harvard Develops 4500 ° Hotel Study - Newspaper cutting - N.Y.
Times, 1 February 1938

Chemical is Found to Combat Virus - Newspaper cutting - N.Y.
Times, 11 Feb. 1938

New Fungicide Promises Control of Crop Diseases - Newspaper
cutting, Herald Tribune, 14 Feb 1938.

Engineers Beer of Smelter that Oats Steel Coat - Newspaper cutting
Herald Tribune, 16 Feb 1938

U.S. Perfects Process to Make Impurities from Low Grade Iron
Newspaper cutting, Wall Street Journal, 25 Feb. 1938

Water Penetrates Wool - Newspaper cutting - N.Y. Times, 1 March 38

*) under separate cover as printed matter

(page 2 of original)

With reference to the enclosure dealing with "Magnesium", we are trying to obtain Bulletin 2 mentioned in the excerpt, and will send it on to you.

Should one or other of the subjects dealt with in the enclosure prove to be of particular interest to you, we shall be glad to do our best - to let you have further information.

Respectfully,
OPRENYCO INC.

BE:md
Enclosures

signed: E.H. LEWIS.

CERTIFICATE OF TRANSLATION

8 September 1947

I, Victoria GRIGG, Civ.No. 20 129, hereby certify that I am a duly appointed translator for the German and English languages and that the above is a true and correct translation of the document No. NI - 7572.

Victoria GRIGG,
Civ.No. 20 129.

Handwritten: Duesch
1-20-38
in file 38-10

C O P Y OF DOCUMENT NO. NI - 7672
OFFICE OF CHIEF OF COUNSEL FOR WAR CRIMES

January 20, 1938

Dr. A. REITHINGER
I.G. Farbenindustrie Aktiengesellschaft
Volkswirtschaftliche Abteilung
Berlin N W 7, Unter den Linden 82

Dear Dr. Reithinger,

Some time ago you expressed to Mr. D.A. Schmitz a desire to be kept informed on technical developments in the United States. From time to time you will receive reports prepared by Mr. E.H. Ludwig on this subject, one of which is enclosed.

As mentioned in the attached letter, should you desire any additional information on these reports, or if you have any other requests, we shall be pleased to comply with your wishes.

Very truly yours,
CHELANCO INC.

R. W. ILGNER

Per: S5, Bremen

CERTIFICATION

J. JOHN J. BOLL, AGO No. A-444412, hereby certify that the above is a true and correct copy of Page 1 of Document No. NI - 7672 the original of which is in the English language.

JOHN J. BOLL,
AGO No. A-444412
U. S. Civilian

DOCUMENT NO. HI-7577
OFFICE OF CHIEF OF COUNSEL FOR WAR CRIMES

U.S. Bureau of Mines
Department of the Interior
Washington, D. C.

Gentlemen:

Will you kindly send us four copies of your review of the mineral reserves of Eastern Europe, which was published in January? We understand that this discusses Austria, Bulgaria, Czechoslovakia, Greece, Hungary, Poland, Rumania, and Yugoslavia.

If you will inform us of any charges, we shall be glad to send you our check in payment.

Very truly yours,

CHEMNYCO INC.

R. W. Ilger

August 16, 1938

U. S. Department of the Interior
Bureau of Mines
Washington, D. C.

Gentlemen:

It is our understanding that you have recently issued a survey of the mineral industry in Soviet Russia.

If this study is still available for distribution, we should very much appreciate your sending us four copies.

Very truly yours,

CHEMICO INC.

M. Braune

"A CERTIFIED TRUE COPY"

- 2 -
E N D

TRANSLATION OF DOCUMENT No. NI-10645
OFFICE OF CHIEF OF COUNSEL FOR WAR CRIMES

(TRANSLATOR'S NOTE: Handwritten Notes
Stamp)

Standard:
General :

CIPHER CABLE

arrived April 6 1936

KARWENNER NEWYORK

Niederländische Einkaufsgesellschaft (Netherlands purchasing Company)
of Standard inquired of Hoechst concerning delivery 50 tons
Phenylarsenic Dichloride Stop We suppose utilization as insecticide
However since product can be used also as war material it is questionable
as to whether we may fill the order Stop We request therefore that you
ascertain as discreetly as possible the purpose of utilization Stop
Cable back

AMILINFABRIK

CERTIFICATE OF TRANSLATION

I, JOHN J. BOLL, AGO No. A-44412, hereby certify that I am thoroughly
conversant with the English and German languages, and that the above is
a true and correct translation of Document No. NI-10645.

JOHN J. BOLL
U. S. Civilian
AGO No. A-44412

(B N D)

9

Hunter
Exhibit
No. 60

(handwritten)
Translation by John Wolst

LETTER FROM CHEMNYCO TO TER MEER, DATED 9/3/38

(Page 51)

Reference is made to another conference held
between Chemnyco and Dow-Goodyear.

"An exclusive license had been previously denied.
When Sabrell asked for a nonexclusive license, he was
given to understand that there could be no question of
such a nonexclusive license either at this moment.
The reason we gave him was that it was not shown that
Dow and Goodyear had anything new and important to
contribute."

* * * * *) - line of 7 stars

"We thought it expedient to conduct the negotiations
in such a way that we would continue to observe and
become acquainted with Dow's and Goodyear's experiments".

" A CERTIFIED TRUE COPY "

- 1 -
END.

(page 1 of the original)

May 7, 1935

"Buna"

Mr. J.P. Dickhardt
521 Fifth Ave.
New York, N.Y.

Dear Mr. Dickhardt

I am attaching data regarding Buna received from the
Victaulic Company which is intended to answer your inquiry
of April 22 for information regarding the low temperature
test.

I do not find Mr. Damsel's letter very informative
on this point, but it is possible the I.G. may possess
sufficient information to interpret his comments. Should
this not prove to be the case, would you please let me
know, and I shall try to get a more detailed explanation
from Mr. Damsel.

Very truly yours

R.D. RUSSELL

RW.GM
Enclosures, 2

Copy to Dr. Hochschwender

(page 6 of the original)

STANDARD
(Handwritten) GOODYEAR 3/3/36
OFFANGL
GOODRICH

C O P Y

VISIT TO RUBBER COMPANIES AT AKRON
AND TO PROCTER AND GAMBLE AT CINCINNATI

Mr. Tracy, Mr. Klotz and the writer were in Akron on February 27 and discussed fatty acids, Viatanex, and other matters with the Goodrich and Goodyear people. On February 28 Mr. Tracy, Dr. Keller and the writer discussed fatty acids and fatty alcohols with Procter and Gamble.

.....

(page 8 of the original)

BUNA SYNTHETIC RUBBER

Report of Tests on German
Product and Similar Materials

made by

Research Laboratories

of

The Goodyear Tire & Rubber Company

(page 32 of the original)

November 20, 1939.

M E M O R A N D U M

re: Present Status of Tests on BUNA S in U.S.A.

SUMMARY: During 1939 an experimental program with BUNA S has been started by five leading American tire manufacturers, in which methods of processing, milling and compounding are being studied for securing maximum physical properties of Buna S rubber. It seems that all the rubber companies in question, with the exception of the Goodyear Tire & Rubber Company, have been able to satisfactorily process and compound Buna S. In the course of this program the usefulness of this type of synthetic rubber for the production of tire tread stock has already been proven by the B.F. Goodrich Co., Firestone Tire & Rubber Co. and the General Tire & Rubber Co., who have reported that in their first road tests conducted with a rather limited number of experimental tires the wear resistance of Buna S tires was found to be superior to that of natural rubber tires.

(page 33 of the original)

The actual wear ratings were found to be from 5 to 15 % above natural rubber, which values, however, are still appreciably lower than those claimed by the I.G. Farbenindustrie (up to 30% better than natural rubber). It is believed that this discrepancy in road wear

(page 33 of the original cont'd.)

results is probably due partly to the lack of experience with the special processing and softening technique required for Buna S and partly to the use of American rubber chemicals and fillers, particularly to the use of American carbon black. It appears that further investigation will be required to secure the outstanding tread wear and the optimum physical properties of Buna S tire tread as found by the I.G.

(page 34 of the original)

During November and December 1938 arrangements were made by the I.G. Farbenindustrie with several American rubber companies for conducting an experimental program with Buna S, particularly to determine the wear-resistance and other important properties of tires made from this synthetic rubber of German manufacture. It was agreed that I.G. would supply the required Buna S material to the various tire manufacturers, who would

- 1.) establish proper compounding formulae for Buna S, using rubber chemicals and fillers available in this country, and
- 2.) build and test experimental tires, using Buna S exclusively for the manufacture of the tire tread.

In accordance with this arrangement I.G. supplied in 1939 to the following tire manufacturers a total amount of Buna S material as indicated below:

(page 34 of the original, cont'd.)

| | |
|-----------------------------|-----------|
| B.F. Goodrich Co. | 1500 lbs. |
| Firestone Tire & Rubber Co. | 600 lbs. |
| U.S. Rubber Co. | 720 lbs. |
| Goodyear Tire & Rubber Co. | 200 lbs. |
| General Tire & Rubber Co. | 150 lbs. |

(page 35 of the original)

During March and April 1939 Dr. A. Koch from I.G. Leverkusen visited the above listed rubber companies to advise their respective laboratory staffs in detail as to the proper handling, softening and compounding of the synthetic material. Furthermore, a memorandum "Instructions for the compounding and processing of Buna S", prepared by I.G.'s Kautschukabteilung in Leverkusen and containing pertinent information for the processing of Buna S was handed to the various rubber companies.

Following this preliminary work, the writer called repeatedly on the five rubber companies to discuss their current experimental results and to maintain the desired exchange of experience between the I.G. and the tire manufacturers.

Following is a brief summary of the work done so far by the various rubber companies on Buna S.

" A CERTIFIED TRUE COPY "

- 5 -
E W D

EXCERPT OF DOCUMENT NO. 41-10856
OFFICE OF CHIEF OF COUNSEL FOR
WAR CRIMES

(Page 11 of original)

Eugene R. Poikrell
Counsellor at Law
10 East 40th Street
New York

Telephone
Caledonia 5-6183

Received
Jun. 1 1938
answered

June 3, 1938.

Dr. T.H. Duisberg
521 Fifth Avenue
New York, N.Y.

My dear Dr. Duisberg:

I am in receipt of your letter dated June 2, 1938 advising that on June 10, Mr. Ziegler and Mr. De Ridder of the I.G. Farbenindustrie A.G., Bitterfeld, will arrive on the S/S Deutschland for a visit of about five weeks.

As requested, I will meet these gentlemen at the Pier in order to be of any possible assistance in the clearance through the customs of certain sample parts which they are bringing in as passenger baggage.

Very truly yours,
signed Eugene Poikrell

ERS/EE

(Page 18 of original)

.....
In accordance with our telephone conversation, I have discussed with Mr. Norton the itinerary for Messrs. Beck, Siegler and deRidder. The following tentative schedule is suggested:

| | | |
|------|----|--|
| June | 10 | Arrive New York |
| | 11 | |
| | 12 | (Sunday |
| | 13 | Baltimore, Md. Glenn L. Martin |
| | 14 | Paterson, N.J. Wright Aeronautical Corp. |
| | 15 | Bridgeport Conn. Fair-Sikorsky Aircraft Co. and field, Conn. Aluminium Co. of America |
| | 16 | Hartford, Conn. Pratt & Whitney, Hamilton Standard |
| | 17 | Buffalo, N.Y. Curtiss Aeroplane Co., Bell Aircraft Co. |
| | 18 | Niagara Falls, N.Y. and vicinity |
| | 19 | (Sunday) |
| | 20 | Pittsburg and New) |
| | | Kensington) Aluminium Co. of America |
| | 22 | Cleveland, Ohio) American Magnesium Cor- poration |
| | 23 | Cleveland, Ohio) Aluminium Co. of America |
| | 24 | Cleveland-leave noon for Chicago-leave Chicago night for San Francisco |
| | 25 | Enroute |
| | 26 | (Sunday) |
| | 27 | Arrive San Francisco in A.M. leaving evening for Los Angeles |
| | 28 | Los Angeles and San Diego Douglas, Northrop Vultee, |
| | 29 | Los Angeles and San Diego Lockheed, North American |
| | 30 | Los Angeles and San Diego Aviation, Consolidated |
| July | 1 | Los Angeles and San Diego |
| | 2 | Leave Los Angeles 2 P.M. for Chicago via Grand Canyon |
| | 3 | Grand Canyon (Sunday) |
| | 4 | In route (Holiday) |
| | 5 | Arrive Chicago 8:50 P.M. leave later for Detroit |
| | 6 | Detroit, Mich Ford Plant |
| | 7 | Cleveland, Ohio |
| | 8 | New York |
| | 9 | Sailing |

(Page 18 a of original)

To Dr. W. S. Duisberg Date May 24, 1938 Sheet No. 2

Mr. Norton will arrange to apply for the
necessary permission to visit the above plants.

H. MENKING

RECEIVED

cc: Mr. A. B. Norton

Mr. T. G. Harvey

(Page 20 of original)

| | | |
|---------------|-----------------------------|-----------------|
| | GENERAL ANILINE WORKS, Inc. | |
| Telephone | 435 Hudson St. | Factories |
| Walker E-4364 | New York | Rensselaer N.Y. |
| | | Grasselli, N.J. |

April 4th, 1938

Mr. J.P. Pickhardt, President
Cheneyco Inc.,
521 Fifth Avenue,
New York, N.Y.

Dear Mr. Pickhardt:

We refer to your letter of the 1st inst. regarding the expected visit of the four gentlemen from the I.G. who wish to make a study of packaging and transportation problems in this country.

We had been advised of this visit directly by Frankfurt, and they asked us to make arrangements for these gentlemen to see our works at Grasselli and Rensselaer, which we naturally will gladly do, the dates for these visits to be determined after arrival.

As regards the firms where the American Express Co. advises they will have difficulties in getting the necessary introduction, we could be helpful in arranging a visit with the General Electric Co. in Schenectady, which should be made in conjunction with the visit to our Rensselaer plant, and we are quite certain that du Pont would be willing to arrange a visit of their plant in Deepwater if we would ask them.

Kindly advise us what you wish us to do.

Very truly yours,

GENERAL ANILINE WORKS, Inc.

Signature illegible

TRANSLATION OF EXCERPTS FROM DOCUMENT No. HI-10556
CONTINUED

(page 24 of original)

I.G. Farbenindustrie Aktiengesellschaft
Office of the Technical Committee

Frankfurt (Main) 20
18 March 1938
Dr.L./Ha.

Herr Dr. W.H. DUISBERG,
521, Fifth Avenue,
New York.

Stamp:

Received
Mar 31 1938
Answered

Dear Dr. Duisberg,

We have decided to send some of our gentlemen who specialize in packaging and transportation problems on a study tour to the U.S.A. The gentlemen in question are:

Ernst Arolikowski, Frankfurt,
Karl Dey, Frankfurt,
Adolf Schellenberg, Leverkusen,
Karl Gebhard, Hoechst.

The gentlemen will follow the following travel schedule, as prepared by Norddeutscher Lloyd:

New York - Schenectady - Niagara Falls - Detroit - Chicago - Milwaukee -
Ann Arbor, Mich. - Cleveland - Dayton, O. - Pittsburgh - Washington -
Philadelphia - New York.

They are to inform themselves in matters of transportation and packaging. They will depart on April 15, 1938, on the steamer "Bremen" and arrive in New York on April 21, 1938.

We have asked the gentlemen to call on you too, and would be grateful if you could assist them in arranging inspections and conferences with packaging and transportation firms.

(page 25 of original)

We enclose the travel schedule as prepared by Norddeutscher Lloyd and request you to check, if necessary, whether improvements could be effected in any way.

Thanking you for your exertions, we remain

Your very truly,

I.G. Farbenindustrie Aktiengesellschaft
Office of the Technical Committee
Signature: LOSHR

Enclosure.

TRANSLATION OF EXCERPTS FROM DOCUMENT No. RI-10556
CONTINUED

(page 26 of original)

(MS in English) attached to 3/15/38

PROGRAM

Study tour to the U.S.A.
by gentlemen of I. G. Farbenindustrie

Departure: SS "Bremen" 15 April from Bremen
Stay in the U.S.A.: 21 April to 27 May
Return: SS "Bremen" 28 May from New York
Arrival at Bremen: 3 June.

21 April NEW YORK Arrival in New York. Hotel Biltmore.
Thursday
22 April)
Friday) The following inspections have been arranged
to) for this period:
25 April) NEW YORK Department Store R. H. Macy and Co. (Store
Monday) organization and advertising),
Silicott Addressing Machine Co.
(Addressing machines),
"New York Times" Printing House
Western Union (Telegraph-system and machinery)
Squibb & Sons (Pharmaceuticals)
25 April NEW YORK 25 April afternoon, departure by train to
Monday SCHENECTADY Schenectady.
Arriving in the evening. Hotel Van Curler.
26 April SCHENECTADY Works inspection at the
Tuesday General Electric Co., producing electrical
equipment of all kinds, including electrical
weighing machines for transportation pur-
poses in factories.
Afternoon; departure for Niagara Falls.
NIAGARA FALLS Arriving in the evening. Hotel Niagara.

- 5 -

- 6 -

TRANSLATION OF EXCERPTS FROM DOCUMENT No. RI-10956

CONTINUED

(page 26 of original, conti'd)

| | | |
|-----------------------|---------------|--|
| 27 April Wednesday | NIAGARA FALLS | Morning: tour round the Falls. Afternoon: departure for Detroit by train. |
| | DETROIT | Arrival in the evening. Hotel Fort Shelby. |
| 28 April Thursday | DETROIT | Morning: thorough inspection of the <u>Ford plant at River Rouge.</u> |
| 29 April Friday | | Departure in sleepers for Chicago. |

(page 27 of original)

| | | |
|---|------------------|---|
| 30 April Saturday | CHICAGO | Arrival in the morning. Hotel Bismarck. |
| 1 May Sunday to 4 May Wednesday | CHICAGO | The following inspections have been arranged for this period: <u>Container Corporation</u> (Manufacturer of cardboard for various types of containers. <u>A. Donnelly and Sons Co.</u> (Printing house; inspection of office equipment and plants). <u>Sears Roebuck Co.</u> (Largest mail-order firm in the world). |
| 5 May Thursday | MILWAUKEE | Detour to Milwaukee. Inspection of <u>A.O. Smith Corporation</u> plants. This is one of the most important and up-to-date machine factories for car-parts. |
| | KALAMAZOO, Mich. | Return to Chicago in the afternoon to pro- ceed to Kalamazoo, Mich. Hotel. |
| 6 May Friday 7 May Saturday | KALAMAZOO, Mich. | Inspection of the following two works of the Paper Industry: <u>Kalamazoo Vegetable Parchment Co.</u> , one of the most important firms of the American Paper industry. Writing and printing paper, as well as waterproof papers for packaging pur- poses, etc. Daily output about 3,000,000 pounds of all kinds of paper. <u>Sutherland Paper Co.</u> , manufacturer of light and heavy cardboard for cartons and various types of containers. |
| 8 May Sunday | CLEVELAND | Day trip to Cleveland. Arrival in the afternoon. Hotel Cleveland. |

TRANSLATION OF EXCERPTS FROM DOCUMENT No. RI-15556
CONTINUED

(page 27 of original, cont'd)

| | | |
|--|------------|--|
| 9 May } Monday } to } 11 May } Wednesday } | CLEVELAND | <u>American Multigraph Co.</u> (Duplicating machines) |
| | DAYTON, O. | Afternoon 11 May. Departure to Dayton, O. Arrival in the evening. Dayton Biltmore Hotel. |
| 12 May } Thursday } to } 14 May } Saturday } | DAYTON, O. | Inspection of the following firms: <u>National Cash Register Co.</u> (Cash registers and book-keeping machinery) <u>Frigidaire Corporation</u> (Refrigerator plants) <u>Oxford Miami Paper Co.</u> <u>Air-Temp Corporation</u> (Thermostats) |
| 15 May } Sunday } | PITTSBURGH | Morning, departure for Pittsburgh by train. arriving in the afternoon. Hotel William Penn. |

(page 28 of original)

| | | |
|---|------------|--|
| 16 May } Monday } to } 18 May } Wednesday } | PITTSBURGH | Inspection of the following plants has been arranged for this period: <u>I.R. Mc Co.</u> , one of the most up-to-date canning factories in the U.S.A. Conducted tour through offices and plants. <u>Westinghouse Electric Co.</u> , electrical machinery and all kinds of apparatus. |
| 19 May } Thursday } | WASHINGTON | Day trip to Washington. Arrival in the evening. Hotel Wardman Park. |
| 20 May } Friday } 21 May } Saturday } | WASHINGTON | Visit to the firms: <u>Bureau of Engraving and Printing</u> , which manufactures the paper money, bond certificates and postage stamps of the U.S.A. <u>Government Printing Office</u> . All major government publications of the U.S.A. are produced here. |
| 22 May } Sunday } | WASHINGTON | This day is intended as a day of rest. |

- 7 -

- 8 -

TRANSLATION OF EXCERPTS FROM DOCUMENT No. NI-10556
CONTINUED

(page 28 of original, cont'd)

23 May } Morning: two-hour journey to Philadelphia.
Monday } PHILADELPHIA } Hotel Warwick.

24 May } Further plant inspections.
Tuesday } PHILADELPHIA }

Dill and Collins Co. (Paper factory)

Container Corporation of America (Packing materials and containers).

NEW YORK } Afternoon, departure for New York.
Hotel Biltmore.

25 May } Further plant inspections, as specified at
Wednesday } the beginning of the journey.

to } NEW YORK

27 May } Dinner in the hotel on the evening of 27 May
Friday } concludes the arrangements.

(U.S. English) May 20 Day W.
Apr 25 Gen'l A
26
27 Gen'l E

CERTIFICATE OF TRANSLATION

26 September 1947

I, ARTHUR MAGNARA, ETO No.20191, hereby certify that I am a duly appointed translator for the German and English languages and that the above is a true and correct translation of/the document No. NI-10556. /excerpts from/

ARTHUR MAGNARA, ETO No.20191.

(Page 50 of original)

November 15, 1937.

Mr. G. F. Garesché,
National Lead Co.,
111 Broadway,
New York City.

Dear Mr. Garesché:

With reference to our today's telephone conversation I wish to confirm that:

Dr. Wilhelm Pfannmueller,
Mr. Josef Reichart,
Dr. Ulrich Haberland,
Mr. Theodor Mueller,

all of the I.G. Farbenindustrie A.G. in Germany, would like to visit the plant of the Titanium Pigment Co. at Sayreville, N.J. of Friday, November 26th.

In accordance with your suggestion I will arrange that the gentlemen will leave their Hotel in New York by automobile at about 8 AM so that they will arrive at Sayreville at about 9:30 AM.

I would appreciate it if you would kindly make the necessary arrangements with the Sayreville plant. Please do not hesitate to advise me if the above plan should not be satisfactory to you.

Thanking you in advance for your courtesy in connection with this visit, I remain

Very truly yours,

W.H. Duisberg
First Vice President

(Page 124 of original)

5. September 1937

TO: MR. H.W. EILGNER

FROM: MR. E.H. LUDWIG

Confirming our conversation and in accordance with your suggestion the following is a list of companies and organizations in the United States that Dr. Kuchno, Dr. Guergin and Mr. Haefliger will probably be interested in visiting when they arrive in the United States on September 20th.

EHL: H
Encl.

E.H. LUDWIG

(Page 125 of original)

Aluminum Company of America, New Kensington, Pa.
Carnegie Institute of Technology, Pittsburgh, Pa.
Hollon Institute of Industrial Research, Pittsburgh, Pa.
Ford Motor Co., Detroit, Mich.
Great Lakes Steel Corp., Detroit, Mich.
Fenchler, Inc., Wyandotte, Mich.
Hocker Electrochemical Co., Niagara Falls, N.Y.
Union Carbide Co., Niagara Falls, N.Y.
Agfa Anseo Corp., Binghamton, N.Y.
General Aniline Works
Bayer Products Co., Inc., 170 Varick Street, New York City.
General Electric Co.
American Potash & Chemical Corp., Trona, Calif.
Hercules Powder Co., Inc., Hopewell, Va.
" " " " Parlin, N.J.
Standard Oil Company of California, Richmond, Calif.
Honsate Chemical Co., St. Louis, Mo.,
Titanium Pigment Co., St. Louis, Mo.
" " " " South Amboy, N.J.
Krebs Pigment & Color Corp.
(E. I. Du Pont de Nemours & Co.), Newark, N.J.
New Jersey Zinc Company.
Great Eastern Electro Chemical Co., Pittsburgh, Calif.
Dow Chemical Co.
Michigan Alkali Co., Wyandotte, Mich.
Mathieson Alkali Works, Inc., New York
Standard Oil Company of New Jersey, Bayway, N.J.
Columbia University, New York
Pennsylvania Sugar Co., Philadelphia, Pa.

" A CERTIFIED TRUE COPY "

DOCUMENT NO. WI - 7575
OFFICE OF CHIEF OF COUNSEL FOR WAR CRIMES

Mr. Wilson Meyer,
Federal Reserve Bank Building,
San Francisco, California.

June 27, 1938

Dear Wilson:

Although I have not yet seen the returning fertilizer experts, rumors have reached me that they, thanks to your efficient intervention, had a wonderful and instructive visit in your State. In fact, your record in this regard is so good that now you get another request to give advise.

Mr. W. E. O. Ziegler and Mr. E. de Ridder flew from New York to Los Angeles Saturday night. They are, respectively, the head of the light metal division of I.G. Farbenindustrie Aktiengesellschaft and the head of the research laboratory for light metals of the I.G., both located at Bitterfeld. Messrs. Ziegler and de Ridder have been here to consult with the Aluminum Company of America and, with the permission of the War Department, have been visiting various airplane factories in the United States, both East and West. They would like to know how best to use what little time they have over in California to see sights and if you or someone in your office can help them out on this, it would be much appreciated. They intend to be in San Francisco Friday, July 1st, arriving there from Los Angeles, most likely by air, and will probably celebrate the glorious Fourth looking out over the Golden Gate.

With kind regards, especially to Mabel.

Sincerely yours,

V. P. PICKHARDT

WPP:ES
AIR MAIL

"A CERTIFIED TRUE COPY"

TRANSLATION OF DOCUMENT NO. NI-1147
OFFICE OF CHIEF OF COUNSEL FOR WAR
GRIMES

I.G. FARBENINDUSTRIE AKTIENGESELLSCHAFT, BITTERFELD

25 November

S E C R E T
Registered

Dir. W. von der Bey

Herr General Loeb,
Reichsluftfahrtministerium,
(Reich Air Ministry)
Berlin W 8
Leipzigerstr.

Honoured Sir,

With reference to our last interview, as which I handed you the plans of the magnesium factory at Clifton-Junction (near Manchester) I wish to give you the following additional information:

As you probably know the main magnesium factory which is running to full capacity is the Clifton Works mentioned. But during the last two years the British have erected a second magnesium factory with foreign processes at Swansea (Wales) West of Cardiff. This plant should have started production about a year ago. But the starting of production was continuously postponed apparently because the process had not been completely worked out yet. During the summer we heard that production could be expected to start in the second half of the year.

We estimate the potential output of the plant at 120 tons per month. The manufacturing plant has been installed in available buildings of a former zinc foundry which is situated directly in the harbor of Swansea. I know the exact position, because for a time we intended to choose this disused zinc foundry because there are extraordinarily large numbers of unemployed miners and foundry-workers in South Wales. Owing to the high electricity charges demanded by a nearby power station we did not carry out the project of extending this factory for magnesium production.

On the enclosed ordnance survey map of Swansea I have marked with a blue circle the building which houses the magnesium factory, the power-station belonging to it lies on a hill to the North-East and is shaded in blue.

Furthermore, I have made enquiries regarding the processing works with which I had loose dealings and I can make the following statements:

(page 2 of original)

Northern Aluminium Co. Head-office at Bambury about 35 km nearly due North of Oxford about 25 km in a north-north-westerly direction from Buckingham. Bambury is a small place. The factory is situated in the open country on the outskirts of the town and is a modern steel, glass and cement building which can easily be recognized. It is the largest light-metal rolling mill in England.

The factories for semifinished products next in importance are situated in the suburbs of Birmingham. They are:

(page 2 of original continued)

James Booth in a district by the name of Nochells, in Argyle Street, which lies on the road from Birmingham to Coventry in an east-south-easterly direction. Apart from light-metal semi-finished products the firm also produces brass and bronze for naval purposes.

The factory of Birmetals lies in Birmingham-Spetchwick, in Dartmouth Road. This is in a west-north-westerly direction from the center of the town. This firm has also a new rolling mill and press works about 3 km North-West of the old factory. The new factory is a very modern building of glass and steel and is situated on the highest point in that district.

The chief light metal foundry in England, which is mainly for the production of propellers and crank-cases is the firm of

High Duty Alloys at Slough. It is in a westerly direction, about 30 km from Central London on the main road to Maidenhead. As Slough is also a small place and H.D.A. is by far the largest factory in the district it should be comparatively easy to find.

A large light-metal foundry is the firm of

Sterling Metals in Coventry, in Trafalgar Street and Kings Road, almost opposite the rayon factory of Courtaulds. It lies, however, in the center of the residential area so that identification might be very difficult.

As the last factory for British aerial equipment I should like to mention the

Bristol Eng. & Aeronauts Co., as this modern and newly erected engine factory can be recognized especially easily. It is situated on the main road from Bristol to Gloucester just outside a hamlet by the name of Filton, about 10 km North-North-East of Bristol in the direction of Gloucester; the modern factory is on the right hand side of the road and the old one on the left.

(page 3 of original)

We should be glad to help if you have any queries.

I remain with the best regards,

Heil Hitler!

Yours faithfully,

P.S.

Magnesite from the Greek island of Euboea is the raw material used for the manufacture of magnesium in England.

There is a project to erect a plant for the production of magnesium from Oxid with English dolomite and thereby replace Greek magnesite in case of war. However, this process is very complicated because the British have no alkaline solution of magnesium chloride. In our experience, the erection of this plant might take at least a year. The plant in the neighbourhood of the Dolomite deposits between Manchester and Rugby.

*plan proposes the erection of this ...

(signed) as above

Enclosure.

J.F.O. Ziegler

Bitterfeld, 20 Nov. 1939

Herr

Director Dr. E.R. Fischer
I.G. Farbenindustrie Aktiengesellschaft

Berlin NW 7
Unter den Linden 82

My dear Fischer,

Regarding your phone call last night, I have tried again here to get hold of maps and charts to ascertain the position of the British factories for light-metal semi-finished articles, decisive for the aircraft industry over there. Unfortunately, however, only ordinary touring maps were available. But I want to give you at least the exact addresses of the factories in question so that, with the help of better maps and charts, additional information may possibly be gained from your interested parties. In spite of numerous visits, which, however, were mostly made in a saloon car with driver, sketches made from memory are unreliable.

Northern Aluminium Co. Head office at Egbury about 38 km almost due North of Oxford about 26 km in a north-north-westerly direction from Buckingham. Egbury is a small place. The factory is situated completely in the open country on the outskirts of the town and is a modern steel, glass and cement building which can easily be recognized. It is the largest light-metal rolling-mill in England.

The factories for semi-finished products next in importance are situated in the suburbs of Birmingham. They are:

James Booth in a district by the name of Pechells, in Anglo Street, which lies on the road from Birmingham to Coventry in an east-south-easterly direction. Apart from light-metal semi-finished products, the firm also produces brass and bronze for naval purposes.

Head
The factory of Birmetals lies in Dertmouth, /Birmingham-Southwick. This is in a west-north-westerly direction from the center of the town. This firm has also a new rolling-mill and pressing plant about 3 km. North-West of the old factory. The new factory is a very modern building of glass and steel and is situated on the highest point in that district.

The chief light-metal foundry in England, which is mainly for the production of propellers and crank-cases is the firm of

High Duty Alloys of Slough. It is in a westerly direction about 30 km from Central London on the main road to Maidenhead.

(page 2 of original)

As Slough is also a small place and H.D.A. by far the largest factory in the district it should be comparatively easy to find.

(page 2 of original cont.)

A large light-metal foundry is the firm of Sterling Metals in Coventry, in Trafalgar Street and Kings Road almost opposite the large rayon factory of Courtaulds. It is situated, however, in the center of the residential area so that it might be very difficult to identify.

As the last of the factories for British aerial armament I should like to mention the Bristol Eng. & Aeroplanes Co., as this modern, newly-erected engine factory can be identified especially easily. It is situated on the main road from Bristol to Gloucester just outside the hamlet of Pilton, about 10 km North-North-East of Bristol in the direction of Gloucester; the modern factory is on the right hand side of the road the old one on the left.

I hope this information will prove useful to you.

I remain with kind regards,

P.S.

I am still awaiting the specification of super heater cylinder oil.

To
Herr Dir. von der Bey.

CERTIFICATE OF TRANSLATION

Nurnberg, 9 June 1947

I, Kathleen Bramley, No. 20096, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of the document no. HI-1147.

KATHLEEN BRAMLEY
20096

-4-
END

TRANSLATION OF DOCUMENT No. NI-10846
OFFICE OF CHIEF OF COUNSEL FOR THE CRIMES

M. L. BERTS, Co. Wash.

Tokyo, 25 May 1947

Tessro, Chemical Soc.
521, Fifth Avenue

NEW YORK, N.Y.

We take the liberty of introducing, by means of this letter, the following gentlemen of the firm of Nippon Kasei K.K. Tokyo:

Y. HAYASHI, Chemist
J. HAYASHI, " "
Y. HAYASHI, Engineer

These gentlemen would like to inspect the machine working plant of the Standard Oil Co. of America. We request you kindly to extend your help to these gentlemen and let to express, in advance, our warmest appreciation of your efforts.

Respectfully Yours,

Rubber stamp: signed MURAKAMI

T.S. No. 12

CERTIFICATE OF TRANSLATION 18 September 1947

I, Samuel S. POBY, LCO No. 443113, hereby certify that I am duly appointed translator for the German and English languages and that the above is a true and correct translation of the original document No. NI-10846.

Samuel S. POBY
LCO No. 443113

-1-
"500"

AFFIDAVIT

I, Belle Mayer, being duly sworn, depose and say:

1. I am an attorney employed in the General Counsel's Office of the United States Treasury Department and have been continuously employed by that department since September 1942.

2. Prior to the time of my employment, during the Spring of 1942, an investigation of Chemycor, Inc., an I.G. Farben subsidiary in New York City, had been conducted by the Treasury Department. Many of the files and documents removed during the course of this investigation were turned over to me after my employment by the Treasury and were used by me in the preparation of a Brief. Thereafter, they were returned or relinquished to the Office of the United States Alien Property Custodian.

3. Among these files was a folder containing 6 maps which were as follows:

West Indies Islands and Approaches to the Panama Canal.
The Oil & Gas Journal's Map of Oil and Gasoline Trunk Pipe Lines in the U.S.
Rand McNally Main Highway Map of Florida.
World Petroleum Oil Map of Venezuela, December 1939.
Map of U.S. showing Fertilizer Consumption in various states.
Department of Interior U.S. Geological Survey of Alabama.
Post Route Map of the State of Alabama.
American Gas and Electric Co.'s Map of Natural Resources in near and middle East States.

The folder containing the maps has been marked No. NI-10423.

BELLE MAYER

Sworn to and signed before me this 27th day of September 1947 at Nurnberg, Germany by Belle Mayer known to me to be the person making the above affidavit.

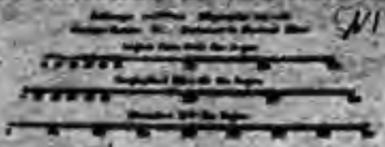
MARY. W. KAUFMAN
Attorney, AGO-D-230448
Office of Chief of Counsel
for War Crimes
U.S. War Department

" A CERTIFIED TRUE COPY "

WEST INDIA ISLANDS.

& THE APPROACHES TO THE PANAMA CANAL

571-10 42/3



3-



FROM THE OFFICE OF
LLOYD T. EMMY
CONSULTING ENGINEER
4 S. 10th St., PHILA., PA.

COPY

I. G. FARBENINDUSTRIE AKTIENGESELLSCHAFT LUDWIGSHAFEN A. RH.

Office of Sparte I

REGISTERED

(Translator's Note: Handwritten marginal note!)
Original submitted to Director Brendel and
Dr. Frajgo

To

Professor Dr. Krauch
Director Dr. Schneider
Director Dr. von Knorric
Director Dr. Huestfisch
Director Dr. Haldersmann.

Dr. Ri/Huo

29 July 1940

Re: Cheneyco Inc. New York

Our contributions for Cheneyco up to now amounted to \$20,000 monthly. This amount was recently reduced to \$16,000.-- Up to now the payment of these monthly amounts of foreign currency was made in accordance with a general permit note of the Reich Ministry of Economy. Lately, the Reich Ministry of Economy has invalidated this general permit note in consideration of measures to save foreign currency, but has for the time being given permission for the payment of the above \$16,000.-- for several months. The Reich Ministry of Economy has given this permission in connection with the requirement that we describe the significance of the activities of Cheneyco Inc. for the guarding of the interests of I.G. in U.S.A. in a detailed statement. Attached you will receive a copy of the statement drawn up by us which we have sent to the Finance Secretariat for transmittal to the Reich Ministry of Economy.

Office of Sparte I

(signed) RINGER

Enclosure

Copy to: Director Dr. Mueller-Gumbert,
Director Dr. Goldberg.

(Translator's Note: Handwritten note!)
930 Original with Legal Dept.

(Page 2 of original)

(Translator's Note: Handwritten note!)
Enclosure to letter of
Office of Sparte I of 29 July 1940

I. G. FARBENINDUSTRIE AKTIENGESELLSCHAFT LUDWIGSHAFEN A. RH.

Office of Sparte I

VERY CONFIDENTIAL

29 July 1940
Dr. Ri/Huo

Re: Significance of the activities of Chemnyco Inc. for the guarding of the interests of I.G. in the U.S.A.

The expansion of our business connections with the U.S., particularly also with regard to oil and nitrogen in 1930 made it necessary for I.G. to charge an American company, the U.S. & Transatlantic Service Corporation, whose firm name was later changed into Chemnyco, with guarding its interests. The extensive set of tasks which were assigned to Chemnyco through this order and which today constitute practically the sole field of Chemnyco's activities, mainly concerned:-

- observation of and reporting of technical and sales developments with regard to matters which interest us.
- making of connections with interested parties.
- conclusion and supervision of agreements.
- representation of I.G. in certain legal questions.
- advice on tax and customs matters.
- assistance to our specialists during occasional visits to U.S.A., etc.

With regard to the organization of Chemnyco it should be stated from the outset that the significance of the tasks assigned to Chemnyco cause I.G. to let Chemnyco have some experienced specialists. The management of Chemnyco is today in the hands of Dr. Karl Kochschwender, Dr. Carl Mueller and Dr. Rudolf Ilgner, who used to work for us, as well as of an American jurist. For several compelling reasons, the Chemnyco is however a purely American independent company whose function is merely to advise I.G. The gentlemen mentioned above have left I.G. and are not connected with it through any contracts.

(Page 3 of original)

The tasks assigned to Chemnyco by I.G. are at present still essentially the same as those briefly sketched above; some of them are described in more detail below; in connection with this it should be noted that the significance of the various tasks varies:-

1. Chemnyco has to follow technical developments in the fields which interest us carefully and to report to us currently about the newer developments so that we are enabled to check the direction of our work and the state of technical development achieved by us all the time. This particularly applies and is of increased importance with regard to the processing of oil; in this connection very extensive development work is naturally being done by the large companies in the mineral oil country U.S.A. To give some examples, it was in the first place of importance to us to obtain more detailed knowledge about the mineral oil processing methods with a view to the application of our hydrogenation process for this. Later on the production of high-class lubricants gained in importance and the information received about this helped to advance our own development work. As far as the latest period is concerned, we should merely like to mention the methods for the production of high-class gasoline, particularly aviation gasoline, through the production of iso-octane or through the introduction of alkyl. It is obvious that systematic reports on this with technical details are of decisive importance to development in Germany. This also applies to such cases where it is merely a matter of being

informed about the state of production achieved in the U.S. and therefore also in the other countries, and of knowing the comparative quality of the products. The methods for processing mineral oil particularly have lately shown a revolutionary change in the American mineral oil industry, for instance through the use of catalytic processes for cracking and for the production of high-class aviation gasoline out of low-class gasolines. By transmitting all this knowledge and all these experiences the Chamyco

(Page 4 of original)

has given the most valuable assistance to our own work, and one may refer to the way via the Chamyco as one of the canals through which important information for the expansion with regard to oil has flowed into Germany. The possibility for obtaining this technical know-how is in most cases provided for Chamyco by the agreements between I.G. and important oil companies in the U.S.A. listed in (2)

Under present conditions these tasks are of course made very much more difficult for Chamyco to carry out. After normal conditions have been restored just this sphere of activity will be of growing importance in view of the probable intensification of mineral oil processing in Germany and will justify the maintenance of such an organization in the interests of the German economy.

Apart from the above examples taken at random from the oil processing field, Chamyco has to carry out similar tasks with regard to other matters which are of interest to us, such as nitrogen, plastics, the production of chemical products (for instance solvents made from mineral oil products).

2. Chamyco has to look after the interests of I.G. in the winding-up of a number of agreements, some of which are on a large scale, to discuss questions which come up with our partners in the agreement, to check the licence calculations and to assist in the drawing up of new agreements. The agreements already existing are mainly the following:-

- a) Our comprehensive agreement with the Standard Oil Co. of New Jersey which is known, and which apart from the hydrogenation process also includes other processes for the production of motor fuels, etc.
- b) An agreement with the Standard Oil Development Co. which concerns the joint development and exploitation of new processes for the production of chemical products out of the raw materials of the oil industry (Jasco-agreement).

(Page 5 of original)

The oxidation of mineral oil paraffin, the production of arc (lichtbogen) acetylene from natural gas and the production of certain plastics (Oppanol) from refinery waste gases are covered by this agreement.

- c) An agreement with the Standard Oil Company of New Jersey, Shell and Kollogg on the use of hydrocarbon synthesis (Fischer process in the U.S.) (Hydrocarbon Synthesis Company).

Chamyco participates actively in the work on these agreements. It for instance provides a representative for the management of the companies concerned, which are affected by the agreements listed in (b) and (c). All the above agreements contain the regulation that the I.G. is to

receive the right to use the inventions and know-how of its partners in the agreements in Germany. In this way it is up to Chemnyco to be continuously informed about the developments in the fields covered by the agreements and to look after the transmittal of know-how to I.G. in Germany. The extent to which the agreements have the desired success, and particularly the extent to which I.G. is enabled to make good use in Germany of the experiences gained in the U.S.A. in the fields covered by the agreement, is dependent to a great extent on this activity of Chemnyco.

It should further be mentioned that until the outbreak of war, we were conducting negotiations with the important oil companies in the U. S. about a comprehensive agreement regarding new catalytic mineral oil processing methods. The draft of this agreement has already been submitted and has been approved in principle by the parties concerned. When after the end of the war this agreement comes into operation I.G. will receive a certain part of the income from the joint licensing of the contractual rights outside Germany; furthermore I.G. will receive all rights and know-how

(Page 6 of original)

of the parties to the agreement on the fields covered by it for use in Germany free of charge, which means that we in Germany will be unrestrictedly informed about these newer developments in the oil industry. In this respect too Chemnyco would have the important task of transmitting to us the experiences of the parties to the agreement and to supervise the settlement of the probably considerable income from licenses.

3. Chemnyco has to check the possibilities for using new products and processes in the U.S. As examples one should name the use of our hydrogen process, and the Claus-Process for the production of sulphur which we improved, in the U.S.A.
4. The work on our patents in the U.S.A. is done by a patent office. Chemnyco has the task of assisting us in work on technical questions which are connected with the patents we own. In this connection it should be mentioned that Chemnyco also took part in the securing of our patents in the U.S.A. recently.
5. A special working sphere of Chemnyco is the procurement of statistical data on matters which interest us.

To summarize, we would like to state that Chemnyco has developed into an organization which is indispensable to us for the guarding of our great and widespread interests in the U.S.A., particularly in the processing of our agreements and for the transmittal of technical experiences on matters which are of interest to us. It can be foreseen that these activities of Chemnyco will be of increasing value to us after the end of the war.

We do not wish to fail to mention that in the U.S. Chemnyco has been exposed to various official investigations into its activities and the kind of its connections to I.G., and in this connection would like to stress the confidential character of the above information.

TRANSLATION OF DOCUMENT No. HL- 11197
(Cont'd)

CERTIFICATE OF TRANSLATION

I, DOROTHEA L. GALEWSKI, ETO No. 34079, hereby certify that I am thoroughly conversant with the English and German languages, and that the above is a true and correct translation of Document No. HL- 11197.

DOROTHEA L. GALEWSKI
ETO No. 34079

(E N D)

HO

DOCUMENT NO. 41-7983-
OFFICE OF CHIEF OF COUNSEL FOR WAR CRIMES

(Page 1 of original)

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK
OFFICE OF THE CLERK

U. S. COURTHOUSE

Foley Square, New York 7, N. Y.

WILLIAM V. CORRELL
CLERK

June 10, 1947.

Mr. Cecil F. Hubbert,
Acting Chief, War Crimes Branch,
Civil Affairs Division,
Washington 25, D.C.

Re: U.S.A. -v- Hatzidakis et al
Cr 106-17

Dear Sir:

As requested in your letter of
June 4, 1947, there is enclosed herewith an extract
of the Docket entries in the above entitled case.

Very truly yours,
Wm. V. Correll
Clerk.

EC/w
Encl.

(Page 2 of original)

UNITED STATES OF AMERICA)
) ss:
 SOUTHERN DISTRICT OF NEW YORK)

I, WILLIAM V. CORNELL, Clerk of the District Court of the United States for the Southern District of New York, do hereby certify that the following is a true extract of the docket entries in the case of :-

----- X
 :
 THE UNITED STATES :
 : C 106-17
 vs. : U. S. Code,
 RUDOLPH BRESO :
 : Sec. 3117, 18
 ----- X
 Unlawfully abstract and invade the
 the Administration of Justice
 within the District Court of U. S.
 Southern District of New York.

Sept. 1, 1939 Filed Indictment. (Ordered Sealed) - Mendelbaum, J.
 Dec. 3, 1940 Indictment ordered opened. - Brady, J.
 Apr. 30, 1941 Sent. Pleads Guilty. - Conger, J.
 Apr. 30, 1941 Filed Judgment. Fined \$1000.
 Fine to be paid by 4 PM. - Conger, J.
 Apr. 30, 1941 Fine of \$1000. Paid.

IN WITNESS WHEREOF I have hereunto
 subscribed my name and affixed the
 seal of the said Court at the City of
 New York, in the Southern District of
 New York, this 10 day of June
 in the year of our Lord one thousand
 nine hundred and forty-six and of
 the Independence of the United States
 the One Hundred and Seventy-First.

Wm. William V. Cornell

Clerk.

"A CERTIFIED TRUE COPY"

- 2 -
 E V D

(page 1 of the original)

.....

Study of the FBI Drafting Committee

on the Treatment of

GERMAN PARTICIPATION

IN INTERNATIONAL CARTELS

from the Standpoint

of International Security.

.....

(page 2 of the original)

Chapter V:

INTERNATIONAL CARTELS AND NAZI ESPIONAGE ACTIVITIES

To this point, the cases reviewed illustrate the use made by the Nazi government of the ordinary commercial practices in which international cartels engaged in order to safeguard the privileged market positions into which their members had maneuvered. In addition, however, the German participants in international cartel arrangements permitted the Nazi government to employ their foreign offices as centers for espionage activities.

.....

(page 3 of the original)

.....

In evaluating the extent of I.G. Farben's usefulness as an espionage agent of the General Staff, it should be borne in mind that in America, for example, through the American I.G. Chemical

(page 3 of the original cont'd.)

Company (now General Aniline and Film Corporation⁴⁶⁾ the I.G. Farben was a member of the Board of the National Industrial Conference Board, an economic research organization of the American industry. Representatives of the United States War and Navy Departments were also members of this board. In highly secret sessions, these representatives from time to time informed the Board on the status of the American military and naval forces. These sessions, as it turns out, were in fact open to the German General Staff, through the presence of the head of the American I.G. The extent of the world position of I.G. is illustrated by its influence in American industry. In the United States the I.G. had an interest through option agreements on capital stock, cloaked ownership by intermediaries in non-German countries, written or unwritten understandings, patents and patent agreements in the following enterprises:

General Aniline and Film Corporation

General Dyestuff Corp.

Chemycor, Inc.

Advance Solvents & Chemical Corp.

Synthetic Nitrogen Products Corp.

Carbic Color & Chemical Co., Inc.

Standard Oil Development Co.

Jasco, Inc.

Standard I.G.

Verona Chemical Company

Punchlor, Inc.

⁴⁶⁾ Corporation taken over by Alien Property Custodian.
"A CERTIFIED TRUE COPY"

Der Staatssekretär und Chef
der Reichskanzlei
(The Under-Secretary of State and
Chief of the Reich Chancellery)

Berlin 19 November 1936

The Personal Technical Expert (Referent)

1./

To

Dr. W. von TIRPITZ
BERLIN NW 7
Unter den Linden 78

Dear Herr von Tirpitz,

The Under-Secretary of State and Chief of the Reich Chancellery acknowledges the receipt of two copies of the third volume of Dr. HIGHER's East-Asia report (Ost-Asien Bericht) which you were kind enough to transmit to us with your letter of 27 October. He asks you to convey his sincerest thanks to Dr. HIGHER and to inform him that one copy was submitted to the Führer.

Heil Hitler!
Yours very devotedly:

(Name of Ministerial Rat v. Stutterheim)
Ministerialrat

(TRANSLATOR'S Note: Stamp)
Typed by: By
Read by: "
Mailed: 19 Nov. (initial) Fz

2./ Respectfully submitted to
the Under-Secretary of State for the
purpose of removal of the two volumes. 19 Nov. 3

3.) To be filed.

(Second Page of Document)

Dr. MAX HIGHER
Member of the Vorstand of
I.G. Farbenindustrie A.G.

BERLIN NW 7
Unter den Linden 82
at present Kissingen,
Hotel Badal, 18 April 1937

(Stamp:) See matter of 26 April

W. No. 4

Personal.

To Under-Secretary of State Dr. Hans-Heinrich Lemmer,
Reich Chancellery

BERLIN W 8
Wilhelmstrasse 78

Very esteemed Under-Secretary of State Lemmer,

Because some time ago you showed a special interest for my East-Asia Report, I am taking the liberty of transmitting to you enclosed a written

presentation of facts (Dahkschrift) on the promotion of exports within the framework of the Four Year Plan. I have prepared this presentation pursuant to thorough discussions with the chairman of the Secretarial Policy Committee (Handelopolitischer Ausschuss) of the Reichswirtschaftskammer (National economic Chamber), Under-Secretary of State Dr. ~~FRANKE~~, ~~LEIBUNG~~ (retired). This was prompted by his suggestion to make a presentation as to how the experiences and energies of private economy could be more effectively used for a methodical cooperation in the efforts of strengthening Germany's foreign trade position.

As agreed upon with Under-Secretary of State ~~FRANKE~~ I have, for the time being, made this presentation available only to you, to President SCHMERT, to Under-Secretary of State POSSE, to Herr ~~FRANKE~~, to Ministerial Director RITZEL, to Colonel LOEB, to Colonel ~~FRANKE~~ and to President PIETZSCH.

I, of course, fully realize that the proposals I am making can in no way claim to be complete or perfect. Nevertheless I considered it in order for me to condense in writing the

(Third Page of Document)
(Page 2 of original)

observations which I could personally make in recent years in almost all of the more important export markets.

In as much as I have also covered organizations of the Party (Economic experts - Wirtschaftsexperten) in my presentation, and having referred to things which the Landes (regional groups) and Ortsgruppen (local groups) in the various countries are especially interested in (German Schools and German newspapers appearing abroad) I should be very much obliged to you, very esteemed Under-Secretary of State, if you would let me know whether you believe that I should transmit this presentation also to Reich Minister Adolf HESS, that is whether you believe he might be interested in it.

If your time should permit your taking note of my presentation in greater detail, I should very much appreciate your informing me at your convenience what your opinion on the proposals is which I have made.

With my best regards and Heil Hitler
I am devotedly yours,
(signature) HAJ EICHEN

(Fourth Page of Document)

Dr. W. von Hirpitz

BERLIN NW 7, 27 October 1936
Unter den Linden 78

To Under-Secretary of State Hans Heinrich LANGE,
Reich Chancellery
BERLIN W 8
Wilhelmstrasse 78.

(TRANSLATOR'S NOTE: (Stamp) Previous matters to be attached)
(Handwritten notation:) enclosed as instructed)

11 Nov. 36

Very esteemed Under-Secretary of State Lammers,

Upon Dr. Ilgner's instructions and as he is at present away to South America, I am transmitting to you enclosed - in pursuance of Dr. Ilgner's letter of 30 June 1936 with which he sent volume I and II of his East-Asia Report to you - the third volume which now has been completed.

At the same time, and as instructed by Dr. Ilgner, I am transmitting to you the copy for the Fuehrer and Reich Chancellor in which the most important passages are marked in red, same as in the first two volumes.

Please accept my compliments and Heil Hitler!

(Signature) W. TILPITZ

(Fifth Page of Document)

The Under-Secretary of State
and Chief of the Reich Chancellery

Berchtesgaden, 31 August 1936

1./ To

Dr. Max ILGNER,
member of the Vorstand of I.G. Farbenindustrie
Aktiengesellschaft
BERLIN NW 7
Unter den Linden 78

Dear Dr. Ilgner,

(marginal stamp)

Written: Bg

Read: "

Initialed: 1 Sept.

Bg

I have handed to the Fuehrer the two volumes of your East-Asia Report which you sent to me with your letter of the 3rd inst. as being intended for the Fuehrer and Reich Chancellor. I have been instructed to convey sincerest thanks to you for the courtesy shown to him.

Heil Hitler!

Yours very devotedly,

(Name of the Under-Secretary of State)

2./ To be filed

(Lammers' initial:) L.

(Sixth Page of document)
Page 3 of original)

1.) Today I have handed over the 2 volumes to the Fuehrer

2.) To: Personal technical Expert (Referent) devotedly

Please send letter of thanks to Dr. Ilgner

Berchtesgaden, 24 August 1936

(Lammers' initial) L.

77

Dr. Max ILGNER
Member of the Vorstand of
I.G. Farbenindustrie Aktiengesellschaft
(TRANSLATOR'S NOTES: Notes in
handwriting:
Fr. Bdk processed
(initial) R 17 August, Pg

REKLIN DW 7
Unter den Linden
3 August 1936
W.v. 19 May Pg
(to be brought up
again, on 19 May)

(initial - for Lamers) L 13 August 2 volumes

To Under-Secretary of State Hans Heinrich LAMERS
Reich Chancellery

REKLIN W 8
Wilhelmstrasse 78

Very esteemed Under-Secretary of State Lamers,

Please accept my sincerest thanks for the comments you made on my East-Asia Report. I immediately set about to make ready the two copies for the Fuehrer and Reich Chancellor, and I am transmitting them to you enclosed. I have endeavored to limit the passages marked in red to a minimum but as I already brought out in my letter to you of 30 June, the same fact applies here also, namely that it is, of course, very difficult to condense such a comprehensive subject without sacrificing clarity.

In as much as I shall leave already 10 days from now for a 3 1/2 months' trip to the Latin-American countries - the objectives being mainly the same as those of the East-Asia trip - the third volume which is now being printed (Indo-China and the rest of South-East Asia), will unfortunately be finished only after my departure. Instructions have already been given, however, as to the most important passages which are to be marked in red for the Fuehrer and Chancellor of the Reich also in this volume. I have seen to it that the same will be done also in the volume intended for you.

With best regards and Heil Hitler!

Yours very devotedly,

(signature) Max Ilgner

see next page

(Eighth Page of document)

Confidential and Personal

Copy No. 2

THE PROMOTION OF EXPORTS
WITHIN THE FRAME OF THE FOUR YEAR PLAN

based on experiences
derived from export promotion practice
and on observation
in foreign markets

and prepared by :

Dr. MAX ILGNER

98

(Ninth page of document)

1.

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PROMOTION OF EXPORTS

I. Basic remarks on the question of export promotion within the frame of the Four Year Plan.

1.) Definition of export promotion

It seems important to me to state from the outset that export promotion is an economy which operates according to plan and which can only be carried out purposefully and with real success within the frame of the Four Year Plan for the achievement of which it is a condition sine qua non, if all available forces and possibilities are being systematically encompassed and, as it were, traced by one general denominator.

Export promotion is not a short-term provision but in my opinion it is to be continued until the re-establishment of normal inter-state trade relations between the individual countries has been achieved and the simultaneous re-assimilation of currencies. Until then it will always be necessary to bridge over by compensating methods the advantage which the devaluated currencies have over Germany because apart from many other reasons which here need not be dealt with a devaluation of the Reichsmark would in my opinion be useless and possibly even detrimental viewed from the standpoint of export promotion. Furthermore, Germany has gone through so many experiences, crises and other upheavals in the last twenty years in the application and putting into effect of economic measures applied according to plan - experiences which other countries do not have - that this in itself constitutes an essential compensation which perhaps even means having a head start. But also for the future development of the form of economy the German methods and

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measures are doubtless instructive because, in my opinion, they are in embryo the germ-cell for the future form of economy.

2.) Reasons for particular intensification of export promotion.

a) Providing the foreign exchange needed for carrying the Four Year Plan into effect

The decisive importance which makes a particularly intensive promotion of exports a necessity arises at the present time from the fact that it has the task of providing the foreign exchange needed for carrying the Four Year Plan into effect. Export promotion, Four Plan, armaments and food can, however, only be considered within a total framework - as the Four Year Plan bears out logically - must each be brought into effect accord with the other under a masterly control of the entire scheme. In line with the directives given, it is at the present decisive that the proceeds of foreign exchange from exports be increased sufficiently to permit importing of all raw materials which are necessary for carrying the Four Year Plan into effect, fully and successfully and, moreover - until the positive effects of the Four Year Plan begin to affect our own production of raw materials favorably - to import these raw materials which must be imported for simultaneously carrying on increased armaments irrespective of the foreign exchange needed for food.

Aside from the fact that every German export from the raw materials which it requires creates a multiple of foreign exchange by reason of its character which predominantly involves products obtained through finishing processes, this is borne out as entirely within the scope of the present situation in export markets by the following explanations which at the same time offer an added argument for the reason why exports must be promoted speedily and intensively at the present time and under all circumstances.

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b) The difficulties which arise from the necessity for opening the foreign trade.

The necessity for purchasing raw materials only from those countries which are at the same time prepared and in a position to take German products in lieu of payment for them, which was already inherent in the new plan but arises more specifically now within the frame of carrying the Four Year Plan into effect, has resulted in a far-reaching shifting of the German foreign trade from markets with which active trade relations existed for years and which are not in a position to adjust themselves to the above mentioned points of view, to such new markets which by reason of their structure offered the prerequisites for this. It is psychologically plain why in the light of their subjective position the new countries to which Germany has turned regard Germany as their new partner with a certain mistrust because they ask themselves how long Germany will be disposed to do business with them since she abandoned just these the same trade relations partners of old standing. Even through this attitude is thoroughly subjective it is nevertheless important to realize that such difficulties exist and have to be overcome under all circumstances. For this very reason, however, it is necessary to augment efforts especially to win these markets and this, apart from such energy, tenacity and system falls for a comprehensive knowledge of these markets and, first of all, a good flair for things.

c) Necessity for taking part in the industrial development of the world

In the light of the dynamically strong development of new markets which can be observed all over the world, it seems to me to be an imperative duty for the German export trade to join in this development unless Germany would risk losing her position in the world market. One might speak of a new and modern speech of the colonial problem or of a colonization problem rather, in the era of nationalization and industrialization tendencies.

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It is evident that, seen at long range, all countries and colonies are striving for independence and that the relationship as yet still existing between mother-country and colony will more and more follow the direction of developments on the relationship between England and her Dominions i.e. that the mother country must be an ally and not an exploiter. Appropriately applied to those independent young countries which today manifest strong dynamics in every respect this would mean that from the long-range point of view, the establishment of a lasting political and economic influence will be possible mostly to that one among the highly developed countries which actively participated as an ally in the development of the existing possibilities. With her well trained human material and with more than 30 million Germans living abroad Germany - provided she joins in opportune time and is cooperating actively and with the right concept - in my opinion has a chance as but few other countries. Though methods and objectives cannot apply here as they belong to the past, I nevertheless believe that for Germany, and thereby for the German economy, a possibility is presenting itself to catch up in many things which - contrary to England which then already existed as a unified entity - could not be carried into effect in an equal measure in past centuries.

Within the frame of a lecture dealing in particular with Latin America which I held before the International Chamber of Commerce early in March this year, I discussed the basic importance of the question of developing the purchasing power of the new markets and the need for cooperation by the highly industrialized countries. The text of this lecture is attached as an enclosure, from page 31 on). The instinct of self-preservation demands that in supporting the industrialization of the young countries, the highly industrialized countries make it a point to support only such developments actively which in themselves are economically reasonable and which in the course of an organic

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development cannot be stopped anyway. Actively engaging in the industrialization of other countries will in the last analysis always be done only as a means to the end: to bolster own exports and to secure a proportionate share in the purchasing power additionally created or that which will be created.

In my opinion one cannot afford to overlook that the rest of the world which is interested in the new markets will not stand by idly while we are carrying through the Four Year Plan; especially England and America make great efforts to participate in the industrial development of the new countries and thus to secure for the future a corresponding share in the newly created purchasing power of these countries for their export trade.

In this connection, it is for Germany especially important to know that this quick striving upwards by the young countries is a development to be held in check and which will be unique in the world for a long time, and the nation which fails to come in at the right time will later on find it difficult to make up for what it neglected to do. Unfortunately it is not possible to export and to try and find new markets only when this just coincides with one's own wishes, but these export possibilities must be seized and made use of at the moment when they present themselves within the frame of actual conditions; apart from this it is, of course, very difficult altogether to mobilise or stop at will ~~the export possibilities~~ of export promotion because ~~of~~ from the quite considerable loss of time which would occur in each case, most of the enterprises could not afford to engage in the considerable expenditure necessary for the internationalization of exports unless there be sufficient certainty to assume that chances for a continuous and economic exploitation of the measures initiated do exist.

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Since England - because of Ottawa's favored Dominion position with regard to the purchase of agricultural products - is not in a position to offer much to the new countries while at the same time she is using to a far-reaching degree the whole capacity of her industry for her heavy rearmament which prevents adequate exports - something which because of her greater involvement in the world market is for England even more detrimental than for Germany. German exports are thereby benefited in a measure, provided corresponding measures for an increase of our activity in the new countries are being applied promptly and carried through systematically. Also the U.S.A. are at a certain disadvantage compared with us because many of the products of the new countries - copper, oil, cotton - are at the same time being produced in the U.S.A., so that here, too, the possibility of greater purchases by the U.S.A. is not always given.

d) Establishment of export possibilities for such productions as have been newly brought about by reason of the Four Year Plan.

For a series of productions which are now being newly created under the Four Year Plan, it will be difficult permanently to secure full-scale employment of the total capacity in normal trade; for this reason too it is especially necessary to unlock and to secure at an opportune time new export possibilities for these productions while developing; export markets in order thus to create a compensating valve, so to speak, and incidentally to contribute our share in influencing, favorably, the total cost price of these manufactures.

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II. Shortcomings observed with regard to the handling of export promotion and their effects.

1.) Shortcomings as they developed in applying the various processes.

a) Procedure for additional exports.

In carrying into effect the procedure for additional exports, two tendencies face each other: on the one hand the export industry's wish for an application as simple as possible and unimpeded by bureaucratic

handicaps, on the other hand the need for the farthest possible control as to avoid abusive use of the procedure.

Of the two types of procedure applied - normal rates and maximum rates - the promotion at normal rates gives to the exporting firms for the individual case ample relief from the submission of calculations and other data enabling the export organization to strike with more punch. For the establishment of normal rates, it is necessary however that calculations be submitted which break down to the greatest extent possible the various kinds of costs; this involves the disadvantage that in addition to the calculation data the personnel employed in the central offices also obtain an insight into the factory secrets of the various firms.

The promotion at maximum rates leaves open the undesirable possibility that in contrast to the economically working establishments those which operate uneconomically can prove and be compensated for higher losses, thereby detrimentally affecting and burdening the export trade of the enterprises which operate efficiently. The maximum rate procedure also leaves a possibility that because of lack of uniform calculation data - possibly even as a result of non-comprehensible or manipulated

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calculations the export promotion may be applied in a varying degree in the case of the same products and at approximately equal costs. This also explains, in part, the possibility for German exporters abroad to outbid each other in price, with the help of the Z. A. procedure.

Application of the maximum rate procedure as against the normal rate procedure is technically rendered still more difficult because of the requirement for the submission of a greater number of calculations.

b) Compensation Transactions.

In carrying through compensation transactions it frequently developed that in order to facilitate the consummation of the compensation the foreign exporter has paid a premium to the foreign importer. The German purchaser being charged with the premium, as a rule, the price of the imported commodity was thus made more expensive for Germany or its quality was made inferior. Another abuse which developed in connection with the compensation procedure is that German business enterprises engaged in export as well as in import underbid each other to the detriment of the nation as a whole in that they effect higher export losses by proportionably higher profits in the import business. A further result of this procedure as a rule is that thereby the price level of German commodities abroad is being unnecessarily pushed down in a measure equal to the lower-price purchasing possibilities which the foreign importer through acceptance of the premium can create for himself by way of the compensation. Another foreign importer, however, for whom this low-price purchasing possibility remains beyond reach is at a disadvantage as regards his competitor and, naturally, is vexed; this vexation on the part of foreign customers which often leads to their giving up purchasing German goods is a psychological factor which should not be underestimated.

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The commodities admitted into Germany by way of compensation are in many cases undesirable because the foreign exporter wants to supply such goods only as Germany would normally not buy in sufficient volume

as they are not urgently required whilst for raw materials in which Germany is especially interested, payment is demanded in free foreign exchange; the result of this is an encroachment on foreign exchange.

c) Aski (Special blocked accounts of foreigners, for payments in Germany)

Aski accounts when still being maintained in any of the "clearing" countries in exceptional cases caused in the long run scattering of payments. Apart from this the creation of Aski offers undesirable preference as regards certain owners of accounts who can quicker dispose of their sales proceeds than is possible in accounting by way of the official clearing office. From this result in the individual cases resentment by those of Germany's customers who do not have an Aski account even though it should be considered that there is a certain justification for this preference, because the owner of Aski is at the same time also a buyer of German goods on a larger scale.

Whenever Aski do not run parallel with official clearing they constitute compensation deals and show the same disadvantages as those, in that the disagio (discount) analogous to the addition of a premium, leads to a price increase or a lowering of the quality of the goods to be imported by Germany.

In countries where it is possible in addition to Aski Marks also to obtain payment in actual foreign exchange the German exporters as a means of competition with the other German exporters, have frequently sold against Aski Marks in order to accord to the foreign buyer a price advantage.

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instead of trying to obtain free foreign exchange. Thereby the price level was unnecessarily and uneconomically forced down so much that the firms which tried to obtain free foreign exchange no longer were able to compete. The arbitrary price stipulation here too resulted in resentment on the part of buyers of German goods and in the case of products coming under conventional agreement also on the part of foreign convention partners.

d) Sperrmark (Blocked Reichsmark)

A distinction should be made between accepting blocked Reichsmark which had been in the possession of a foreign purchaser of German goods for some time and accepting blocked Reichsmark which were acquired. While with the former kind the advantages predominate, a foreign buyer's payment for German exports with acquired blocked Reichsmark, seems not advisable for psychological reasons; the feeling will arise in Germany's foreign creditors that German exports are now being financed by the losses which they suffered in Germany as a result of the freezing of their accounts which - subjectively viewed - they opened in good faith years ago. Though this is not for us a new or unknown point of view it should nevertheless be considered whether the importance of the blocked Reichsmark procedure - which today is exceedingly insignificant within the frame of export promotion as a whole - makes it worth while to continue exposing one's self to such a psychological burden which, of course, has also a detrimental effect on other export promotion measures.

e) Special arrangements

A special chapter which in my opinion will call for particular attention in the future are the so-called special arrangements. It is

easy to understand why in special cases where raw materials or agricultural products (copper, wool, corn, wheat) are being paid for

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in terms of airplanes, ships, etc. supplied in return - one handles such transactions by way of special "firm constructions" (Firmkonstruktionen) and the like; as long as such special arrangements are a means to an end and do not become the end in itself no harm arises for other normal-type German sales organizations in a foreign market. As soon, however, as such special arrangements form their own objective this, on the other hand, must by necessity lead to contraction for the well-established commercial firms which, though they may not always be 100% efficient, because their knowledge of the market covers a long period of time and because of the respect which they enjoy in the respective country serve as reliable vehicles for the German export industry; by the artificial cultivation of such special arrangements the smaller ones among these business firms will possibly have to close down; a weakening of their position will result for others, and again others will finally resort to buying foreign merchandise, especially those of American and Japanese make. Some day after the situation will once again be normal - after the reestablishment of normal trade relations and assimilation of currencies - we shall face the fact that the position of business firms which formerly were well established and which had taken care of German interests has become weakened all around which will then make it necessary to build anew at great expense in time and money that which will be necessary in order successfully to carry on German exports under normal circumstances.

2.) Shortcomings generally observed in Germany

a) Slackening of eagerness to export.

It is a generally known but a very deplorable condition and in no way devoid of danger that - without consideration for other obstacles - wide circles in the export trade today no longer manifest eagerness to export which is even reasonably commensurate with what should be expected (and to the scope of export

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possibilities which actually exist; many firms prefer to utilize fully the high and low tides of business at home which involve no risk rather than to engage in export business which involves risks such as the rate of exchange and numerous other inconveniences. It is a known fact that the many complicated foreign exchange regulations which are not easily comprehensible to the small exporter cause considerable anxiety in addition. It is also a fact, however, that in complete misinterpretation of the Four Year Plan it is frequently being referred to as a justification for reverting increasingly to the inland business and to neglect the export business.

b) Clinging to views which are out of date.

Some export firms today still continue to believe that the German quality is so superior that it beats customers' price arguments. While this occurrence is not frequent, it nevertheless is important to point out that especially with regard to the quality which is in demand by the new markets also the so-called second quality of Japan is quite adequate, this

quite aside from the fact that meantime most of the other exporting countries have altogether remedied their former shortcomings in quality to a far-reaching degree.

c) Allocations of raw materials which are too small and delivery dates which are too long.

Apart from the point referred to at the outset: "Providing of foreign exchange necessary for carrying the Four Year Plan into effect" this is the decisive point. I am convinced that if it were possible to go further than in the past in allocating raw materials for export purposes many export orders of large-scale scope which now fall through because delivery dates are too long, because allocations of materials are too small, and because plants are overburdened working for other purposes, could be secured which would then make it possible to procure in a relatively short time the foreign exchange

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which in turn, as already mentioned in the beginning, is necessary to import the raw materials required for carrying the Four Year Plan into effect. In the reverse case, however, exports are dwindling and will by necessity continue to shrink and with it also the supply of foreign exchange, thereby in equal measure also curtailing the possibility to procure raw materials which under all circumstances must as yet be imported, with all the consequences I have already described and which result therefrom of necessity.

With regard to delivery dates it must be pointed out especially that because of its geographical position the U. S. A. enjoys a natural freight advantage as regards Latin America just like Japan does as regards East Asia.

d) Inadequate knowledge of the markets.

I pointed out repeatedly in reports - especially in my East-Asia Report - and in oral discussions how urgently necessary it is that leading economists go abroad personally and become acquainted with the development of the new markets right on the spot so as to acquire the right feeling for things as a result of their contacts with people and conditions. Finally, of what avail is the best and most intelligent report of the best and most intelligent representative abroad if the man at home who is directing is not in a position in his turn to read the report and make best use of it thanks to his own knowledge of things.

This inability to appraise the situation on the basis of own knowledge leads, as can often be observed, to misinterpretation of changes in the structure of new markets which are taken to be manifestations of seasonal business fluctuations. It is self-evident that with such elementary errors in market appraisal it is not possible to take the right measures.

e) Representatives' insufficient contact with their Home Country.

The fact that at the present time and by reason of their contracts overseas representatives as a rule come home only every three to four years seems to me in the light of the rapid development of overseas markets a superannuated arrangement. The fact that from the social point of view this leave-arrangement now as before is in order and well devised for the psychological and physical recreation of employees of overseas firms

is a matter not at issue. However, the man in charge of an overseas organization should preferably come home on business every year, but at least every other year, both to inform the management at home of latest developments in his country and for his own information, as well as to become acquainted with the most recent phase of things at home. It is an old fact that however good reports from overseas may be and however precise the instructions sent out, they can never replace the oral exchange of ideas.

f) Slowness in adjusting

Even with a correct appraisal of the market situation it happens often that - if they do so at all - export firms are not fast enough in adapting their production and their other methods to the changed market situation. In this respect the Americans, with their methods which constantly and over and over again are being adapted to the modified market situations have an advantage over us; this applies in the first place to objects which are for daily use.

3.) Shortcomings generally observed in export markets.

a) German firms competing among each other.

It is a repeatedly observed fact - and this applies for markets all over the world that once German firms know that foreign competition has been eliminated for an order because with the help of export equalization measures they are in the lead for price quotation, they then start to contend with each other for the export business by continued underbidding. It is an intolerable situation that German firms who participate in the export promotion procedure

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use the export subsidies to indulge in undercutting of prices which in the last analysis goes on at the expense of the whole nation; export promotion measures, on the other hand, should serve exclusively for the application of just enough means as necessary in order to secure the order for Germany. Another unpleasant consequence which merely renders our position more difficult is the fact that as a result of this costly cutting of price and the resultant low price level resentment with foreign competitors will also be around who, should they to land an order again will likewise have to resort to that price level which has been pressed to an unnatural low.

I have already set forth the various manners in which such mutual underbidding of prices to the detriment of the whole nation is coming about (refer to Page 7, II.1.a Additional exports, and Page 8, II.1.b, Compensation transactions). It has furthermore also been established that business firms were in a position to offer products of industrial firms at essentially lower prices than the representatives of these industrial firms themselves were able to do.

b) Resentment on the part of foreign customers caused because of lack of uniformity in price quotations.

As already repeatedly stated unequal price quotations by German export firms carrying on their exports by export promotion means caused considerable resentment with foreign customers. Particularly disturbing and unpleasant cases are those in which a foreign buyer has covered his requirements at fixed prices while at the same time and because of some

special transaction - blocked Reichmarks, Aski or compensation - a competitor firm is buying during that same period at essentially the same prices. These very considerations, especially also the psychological ones, should not be underestimated because they often result in a shift away from German goods compare

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page 8, II.1.b, Compensation transactions and Page 9, II.1.c, Aski).

c) Special interests of foreign representatives

The firms of foreign representatives, suggest products in the exchange of goods in which Germany is less interested but which are more profitable for the representative (for instance, Venezuela coffee instead of oil).

d) Inadequate financial support.

The principal support for the financing of German foreign trade in export markets is or should come from the German banks which, unfortunately, suffered severely by the war. As the means of German banks overseas are very limited, German firms turn predominantly to foreign banks which in this way gain considerable insight into the German export business while, aside from their banking business German banks are at the same time also deprived of possibilities for information with the help of which they otherwise can be of considerable use to the German export economy objective advisors. On the other hand many transactions fail to come about because of lack of financing possibilities.

III. Proposals to remedy these shortcomings.

1.) Unification of export promotion measures.

a) Procedures for Additional Exports.

If at all possible one should endeavor to transform the maximum rates which still exist into normal rates so that as is customary for the procedure which uses normal rates for uniform treatment for all applicants may be applied in largest measure, and particularly in order to make it impossible for uneconomically working enterprises to receive aid which the plan does not propose, thereby burdening the firms which work economically.

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The drawback that - directly or indirectly - the procedure for additional export made up to now actual underbidding in prices possible among German exporters can be basically remedied only by more relentless disciplinary measures against the exporting firms (compare III.2.b Measures against German firms which underbid each other with the aid of export promotion).

b) Compensation transactions

Restricting of compensation transactions as already initiated by official measures seems basically correct and in my opinion should be

amplified; this automatically also eliminates the possibility for mutual underbidding by individual business firms, with the variety of resulting detrimental effects already dealt with. Probably one should make an exception however that in cases in which - as called for by the import regulations of the buying country - an allocation of import quotas can be obtained only if at the same time products of the respective country are being bought, the necessary exceptions would be granted in the future. Foreign customers, particularly those from overseas, who by reason of their dual character as purveyors of Germany for a long time already have had the possibility to sell their products in Germany by way of compensation will if the compensation deals are further restricted be able to continue or extend their purchases from Germany only if they continue to have the opportunity for exporting their own products to Germany at the same time. To achieve this while avoiding the detrimental effects of the premium system, the German exporter should be enabled to procure foreign exchange certificates for his foreign buyers' own deliveries to Germany, in that connection the wishes of the foreign customer as to the selection of the German importer could be complied with insofar as the necessity for even distribution of the imported goods does not suffer therefrom.

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c) Aski.

In principle, one can dispense with Aski as long as there is provision for official clearing.

Aski which are being traded with an officially approved discount (Disagio) should in the future be eliminated as a matter of principle or if they should continue to remain in existence they should be subject to state agreements which can be strictly controlled - such as they came about for Central and South America - in such cases the Aski discount should be fixed and the procedure for additional exports modified, taking conditions into account as they may prevail for the respective competition; for instance, in countries in which free exchange can also be obtained, by reducing the Z.A.V. (Procedure for additional exports) equalization rate by the discount on the Aski Mark. Under certain circumstances - in case a uniform arrangement and control cannot be obtained because of the fact that several banks are participating - this may be only possible if the Aski accounts are being concentrated in a single bank which is established in the respective country and is in constant contact with the competent German authorities, which bank prevents undesirable Aski Mark arbitrations and which pledges itself to safeguard the Aski Mark rate of exchange. Because of the advantages accruing from such an arrangement, the disadvantages inherent in such a bank monopoly must be accepted, if necessary; incidentally, practical experiences are already on record.

Where the fixation of the Aski Mark rate of exchange has not yet been introduced the attempt should be made to fix the loss equalization under Z.A.V. proportionate to the Aski rate of exchange fluctuations at that particular time.

d) Blocked Reichsmarks.

The authorization to pay for German goods, in part, out of blocked mark funds personally owned by the foreign purchaser for some time affords the possibility that due to his dual capacity as Germany's creditor he may gradually turn his frozen assets into money, thus constituting

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a considerable incentive for buying German goods; as the psychological disadvantages attendant upon payment in Blocked Reichsmarks which were purchased do not occur for this method in equal manner one should authorize this procedure also in the future. The payment by means of blocked Reichsmarks purchased should in my opinion, however, be prohibited, for the reasons mentioned (except U. S. A., where there are special conditions).

2.) How to prevent competition among German firms.

a) Control of export proceeds.

In my opinion, it will command itself to make in special cases of export promotion test checks as to the export proceeds actually obtained. These test checks should be made in the respective country by a German "Central Confidential Office for the Carrying into Effect of Export Promotion" which I am yet to discuss in a special chapter, IV.2.B. on Page 27.

b) Measures against German export firms which underbid each other with the help of export promotion.

If, with the help of Z.A.V. compensation, a German firm underbids another German firm, it is the duty of the firm which has to meet underbidding to inform the Central Confidential Office in the respective country and it will examine the case. The Z.A.V. subsidy accorded to the firm which engaged in underbidding is to be reduced by the amount of its underbidding the other German firm, unless in especially unambiguous cases the whole compensation be cancelled. In a similar way one should proceed in the case of all underbiddings in which other export promotion means of the direct or indirect kind - are being applied. Because it will often be difficult correctly to interfere, one should in cases where business practices give clear evidence of disregard for the requirements of political economy use more drastic measures similar to those applied in the case of violation of the price stop decrees:

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the result of such drastic measures applied in a few individual cases will have the result that infringements will occur in rare exceptional cases only.

c) Far-reaching cooperation among the representatives

In order to eliminate the temptation for representatives abroad to underbid each other for reasons connected with commissions it would be desirable in instances involving export transactions particularly suitable in that respect - but always proceeding only from case to case so as to keep such agreements as flexible as possible - for representatives to pool the sales commission; in the last analysis this means that an export volume kept constant in quantity as a result of avoiding underbidding in prices constitutes an increased export volume in terms of value and incidental thereto an increased income from commissions for each representative individually. This measure appears necessary to me especially because of the fact that many agency firms sell at the same time foreign products so as to keep a hold on the agencies and, above all, to achieve real market discipline.

3.) Placement of orders within the frame of the Four Year Plan only where efficient export achievements can be proven.

Enterprises which are expecting that orders will be placed with them by the State -- provided they come into question for exports at all -- should be given orders only if within the scope of what is possible they have done everything to promote exports and above all if they justifiably endeavored to cooperate in the procurement of the necessary raw materials from abroad.

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IV. Proposals for the intensification of exports and of export promoting measures, respectively.

1.) Measures to be taken in Germany

a) Creation of an Exports Promotion Committee of Industrial Economy within the frame of the Four Year Plan.

In establishing an Exports Promotion Committee of Industrial Economy the most important point of view it seems to me is that all the experiences, suggestions and concrete proposals which of necessity arise from the activity of the German export industry are being systematically gathered and channeled to an export promoting committee (Gremium) of industrial economy for practical application; in the form of information which was made the subject of systematic study and in the form of concrete proposals this material should then be made available to the agencies which are responsible to the government for carrying the export promotion by the state into effect.

The actual carrying into effect I view somewhat like this:

The organization of industrial economy comprises fifty Economics Groups (Wirtschaftsgruppen) in round figures the affiliated enterprises of perhaps forty of these Economics Groups having some connection with foreign trade.

Roughly estimated, approximately fifty enterprises of German economy constitute approximately two-thirds of the whole German export volume.

The above mentioned forty Economics Groups -- including the six Reich Groups and the seven Main Groups of the Reich Group Industry -- and the fifty enterprises which in some form or another have something to do with exports should be requested to make known by name their respective best exports in the field of the exports

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industry of the exports promotion technique (corroborated at the same time by as comprehensive a personal knowledge of export markets as possible. In that respect, the principle should be to name in the case of export business firms the first man and for industrial enterprises, banks, transportation companies and insurance companies the first man competent for questions pertaining to foreign countries and export, i.e. the best expert; this should apply for those personalities who are being directly nominated by the Reich and Economics Groups, respectively, as well as for

those who are being nominated by the approximately fifty enterprises referred to.

So as not to have too big a committee when establishing it, it would be advisable for the management of the National Chamber of Economics (Bundwirtschaftskammer) which I believe should, for expediency's sake also take over the chairmanship to pick from these approximately one hundred nominally mentioned personalities and some additional experts nominally announced by the national Chamber of Economics, those who are the best of the total, thirty in round figures.

Under the chairmanship of the management of the National Chamber of Economics, these 30 personalities would constitute the Export Promotion Committee of Industrial Economy; current business matters would have to be taken care of by a full-time general secretary.

The possible establishment of committees of a specialized nature (fachlich orientierte Gremien) in the individual Economics Groups which would handle the exports promotion - preferably within the frame of the specialty committees already existing in the Economics Groups and dealing with commercial policy - is not affected hereby.

In order to facilitate and make more comprehensible the work which this committee is to do in the field of exports promotion six sub-committees (compare the map attached as enclosure II

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"Division of the Continents", page 40, could be established, i. e.:

Eastern Europe and the Near East (OE/VA)
Latin America (La),
East Asia (EA)
Africa (Af)
Western Europe (WE)
North America (NA)

I chose this order according to what I believe to be the present importance of the various continents from the point of view of Germany's export promotion possibilities (as regards Africa a long range proposition).

Each sub-committee, under the chairmanship of the best expert for the respective continent - who, however, would also at the same time have to have the best possible knowledge of export markets all over the world, would then consist of an average of five persons.

The current business matters for each individual sub-committee would again be taken care of by a full-time secretary so that the qualified personnel of the Export Promotion Committee would altogether consist of a general secretary and six secretaries who, of course, should all have the most thorough knowledge of the respective markets from own observations.

The six chairmen of the sub-committees and the general secretary form a working committee under the chairmanship of the National Chamber of Economics.

Because it will happen very often that the questions dealt with by the working committee and the greater Exports Promotion Committee, respectively, overlap considerably into the sphere of general commercial policy

this working committee should be tied in with a Foreign Trade Council.

All enterprises of industrial economy which in some way participate in exporting should be requested by their competent Economic Group

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regularly to report once a month - broken down according to the six Leader Groups - on their latest experiences in the field of export promotion and such information they received from abroad as might be useful in that connection and, if possible, to add at the same time concrete proposals for the promotion of exports. The simplest way would be if all these enterprises would receive from the competent Economic Groups a report blank or a questionnaire, on the basis of which the regular reports would have to be prepared; moreover, it would be in order for every enterprise to make additional reports available if it desires.

It might then prove expedient for this information and the information received from all of the governmental party and other agencies which receive such information from abroad, currently or from case to case - to be examined by the various Economic Groups and compiled according to Leader Groups, thereupon to be passed on to the competent secretary of the various sub-committees.

The secretaries would then have to process this information from the factual point of view and pass it on to the members of the various sub-committees, and to the chairman of the sub-committees which are not concerned with the subject matter.

Moreover as far as this information is of general value it might be made available to all government and Party agencies which in any way at all might have something to do with foreign trade.

The prerequisite for future participation in the export promotion procedure of each individual enterprise of industrial economy should henceforth be the active cooperation in this information service.

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The practical suggestions for the promotion of exports with which the six sub-committees have been dealing, should then be submitted to the official competent offices - by way of the working committee if they are basic in nature or otherwise directly - as the Export Promotion Committee of Industrial Economy is altogether thought to be of service to the official offices.

The proposals as made above do not claim perfection; they could, however if further supplemented in matters of organization be broadened and buttressed.

In summing up, the following maxims seem to me to be the decisive ones

Centralized embracing of all knowledge and experiences gained and intensified use of existing possibilities for carrying export promotion as much into effect and the practical tasks arising therefrom for the committee. None of the shortcomings, nor the suggestions are in any way exhaustive; such rather will it be a primary task for the new Export Promotion Committee to do systematic and exhaustive work along that line.

The definite tying-in of export promotion into the framework of the Four Year Plan and its integral importance thereby brought out for carrying the latter into effect.

In the case of all of these considerations one largely proceeded from the idea that it is up to the big enterprises, with the help of their organizations and of the qualified personnel which they have at their disposal to do pioneer work also benefiting the smaller export enterprises.

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b) Market investigations and informative trips.

This has already been referred to in various preceding pages. It seems essential to me that over and above this, and apart from the material which is being systematically gathered by the sub-committees of the Export Promotion Committee and by the official offices, the Economic Groups and the big export enterprises also compile at the same time exact knowledge on foreign markets - that is: material strictly brought up to date in each case - this knowledge must become the common property of all organizations in any way participating in exports.

2) Measures to be taken with German agencies abroad.

a) Each Agency and industrial economy agencies abroad.

Staffing of English and American consulates, legations and consulates when compared with ours shows that up to now we have not attached equal importance to the assignment of first-class officers for the posts of commercial attaches - from the view point of personality nor on principle - which is primarily explained by considerably higher means which England and America are spending for this purpose. In the case of England the commercial attaché is of equal rank with a councillor of an embassy, as a result of which he, of course, enjoys an altogether different prestige in the respective country. The English commercial attaché, by the way, also gives up his diplomatic career and develops a special type of career.

Similar considerations apply for the Syndic and for the rest of the personnel of German commercial chambers abroad.

Steps for bringing about a change of conditions in the German diplomatic service in that respect are already under way.

b) Central Confidential agencies for carrying export promotion measures into effect.

It might be opportune to consider if under the leadership of the respective commercial attaché in each of the countries such a central

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confidential agency should not be established to which would also belong: the president and the Syndic of the German Chamber of Commerce, the economic expert (Wirtschafts-referent) of the NSDAP, the head or the heads of German banks abroad, and some outstanding representatives of the German exports interests in the respective country; as far as the latter are concerned, however, one should be sure that by reason of their personality as well as due to the structure of their business, they are in a position

to express objective and comprehensive opinions. This body (Gremium) should, so to speak, be the counterpart to the official offices and the sub-committees of the Export Promotion Committee, respectively, here in Germany, acting not only in regard to the questions previously already mentioned but also in regard to other questions such as a decision on compensation rate levels and above all on the transmission of proposals and suggestions of all kinds concerning the way in which German exports to the respective country could be promoted.

c) Adding new elements to foreign personnel.

One should make it a practice more than heretofore to send men abroad who are specialists in particular fields of technique as well as also accountants (export promotion technique, specialists for industrial developments, etc.) to whom firms can permanently turn for consultation, always limiting these assignments for a period of several years so that the respective experts always reach their posts equipped with as up-to-date knowledge as possible; this would also have the additional advantage that the experts who return home by way of exchange could furnish the home organization with fresher and better knowledge of the special conditions abroad.

In regard to these assignments as well as in selecting the general type of personnel for service abroad one should be guided by the principle that only the best ones are just good enough. In contrast with at home the man abroad, and the specialist in particular, has largely to rely on his own resourcefulness and a bad man abroad

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- and this holds true in every respect - does more harm than 99 good men can remedy. Therefore, the slogan should be: good men into the front line.

d) National training for the younger generation of German descent.

As an element in the nationalization movements individual countries make it increasingly a requirement for the firms in the respective country that the personnel even when working exclusively for foreign interests be employees having the nationality of that respective country. In view of this development which is dictated by necessity it is important that - in conjunction with the German Reich and Party agencies abroad - German economy takes up right now - and in many cases this has already been done - the training of young nationals of the respective country who are of German descent and who have acquired the citizenship of the new country, wherever this should be done not only by the firms in the respective country which work for German economy but also here in Germany itself so that while here with German firms and in the midst of German employees they may by force of circumstances acquire knowledge as well as experience and, above all, a loyal attitude towards Germany and serve later as a reliable stock for the representation of German interests abroad.

e) Concentration and intensification of German banks abroad.

On this subject I have already made concrete proposals to the competent authorities after my return from the East Asia trip. It seems to me essential that German banks abroad especially in over seas, be supported by all German export firms so as to enable them again to do justice to their tasks as regards the German export industry in a way

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which would be fully equal to actual requirements; this calls for support by export firms at home as well by organizations abroad so that they would refer to them a large portion of the current banking business and as well as other measures. On the other hand it will be necessary for the banks to do justice to increased requirements by modernizing and concentrating their machinery.

f) Support to German Chambers of Commerce abroad.

It is superfluous to point to the necessity that every German firm abroad must become a member of the German Chamber of Commerce in the respective country; firms which do not comply with this self-evident duty should not be allowed to participate in the export promotion procedure.

g) Support to German cultural institutions abroad.

The recognition that, after all, supporting German cultural institutions is a matter which concerns economy as well has more and more asserted itself. Cultivation of the German language, exchange of young merchants and students as well as Germany's prestige altogether which it acquires in the respective country through its cultural institutions (German school, hospital, German university, etc.) benefit, after all, also the export merchant.

h) Support to German newspapers abroad.

The higher the standard of German newspapers abroad the more justified is the expectation that the number of readers will increase, the easier will be the work of enlightenment as regards Germany, and the easier will it, at the same time be to cope with propaganda directed against our exporting methods and against our successful penetration of the new markets.

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On the other hand, the advertisements which German firms should place with German newspapers - and this is an indispensable necessity for a profitable foundation of German newspapers abroad - gain increased value because they are being read by a wider circle of readers.

One possibility to increase the demand for and the prestige of German newspapers in overseas would be for German newspapers to bring from time to time editorials written by leading German personalities who have established a name for themselves abroad as altogether any interest shown by the mother country in ideas or material things signifies an addition to the prestige of German newspapers abroad, and with it to the German cause.

Dr. I/Duo
5 April 1937

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Enclosure I

Lecture
by

Dr. M A K A L I N G N E R

deputy member of the Vorstand of
I.G. Farbenindustrie Aktiengesellschaft

Member of the
Boirat of the German Group of the
International Chamber of Commerce, Paris

on Friday, 5 March 1937

before the Board of Administration of the
International Chamber of Commerce
in Paris.

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Herr President, Gentlemen,

I have been requested to give my lecture directly in the English language so as to obviate the need of interpretation and, should there be lack of clarity in my way of expressing myself, kindly be indulgent.

Subject

The subject on which I am to speak is one of the most widely discussed and one which is most gratifying, for two reasons, firstly, because it involves the industrialization of new countries within the frame of the industrialization and nationalization trends manifesting themselves everywhere and, secondly, because of all overseas export markets Latin America is at the present time undoubtedly the one which develops most rapidly

Unfounded
apprehensions

I know that most of the industrialists of the highly industrialized countries have considerable apprehensions that by helping in the industrialization of those new countries to become industrialized they might lose their own markets. It seems to me essential to go into this basic question at the very beginning of my lecture because upon the correct answer to it, it naturally depends whether the strong dynamics of Latin-America's economy can be exploited for the benefit of an increased turnover of world trade. The answer is not difficult if we consider in retrospect the industrial development of the world and if we remember that at one time industrialized England felt the same apprehensions with regard to the industrialization of the continental European countries, and later on England and the European

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countries together at the time of the industrialization of the United States and finally, all of them together at the time of the industrialization of Japan. The world is round and that which can be done in one part of the globe one some day will also be able to do in the other part of the globe. The question is

only: Will this development be an organic and economically reasonable one? It is particularly up to the highly developed industrial countries to answer this question positively. We know that through further developing a country with pronounced agricultural resources and raw materials into a country with agricultural industry, an essential percentage of the newly created purchasing power is being absorbed by the newly created domestic production, but additional purchasing power over and above that will at the same time be released by reason of the higher standard of living for the importation of products of higher value, which will benefit the export business of countries which already are more highly industrialized. Even though this is a truism in political economy I nevertheless think that it is right for an economist to give thought to this recognition and to make his arrangements accordingly.

Road
Dangers

It would be deplorable, however, if because one failed to assist technically and financially one were to force the new countries to carry through at their own responsibility and without the support of countries which already had to pay dearly for their wisdom a development which as it did come into existence already can for many reasons no more be inhibited. The danger of wrong investments would naturally result, thereby bringing about a weakening of the purchasing power of the respective new countries which indirectly would in turn detrimentally affect all the industrial countries which export to that country.

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Care to establish an order of sequence for the Latin American countries as regards possibilities for the development of purchasing power or the possibility of exports' increase for the industrialized states.

Argentina's leading position rests essentially in her long tradition of dealings with overseas, with the resultant experience for its human material available for an organic intensification of industry. Unlike other Latin American countries, especially Brazil, Argentina does not have rich mineral deposits and therefore is endeavoring to make up for this disadvantage by concentrated efforts, such as improvement of agricultural methods, a vigorous tendency towards industrialization and reorganization of the banking system. A disposition to combine with foreign groups on a national basis, of course, is more pronounced in Argentina than in any other Latin American country.

Brazil and Mexico follow taking the second place both mainly for the same reason, i.e. because of the abundance of mineral resources. Brazil especially also because of her big population which, however, does not have the same purchasing power as that of Argentina, and because of her having abandoned the exclusive cultivation (mono culture) of coffee, in favor of large cotton plantations, which gives the country greater resistance from the point of view of economy.

Mexico's favorable geographic position is of added special importance, though, in Mexico, possibilities for the

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natural development of the country

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are concomitant with the exploitation of the mineral resources and their industrial utilization in the country itself, the problem of the intensification of agriculture which presently suffered a setback because of certain settlement experiments, is nevertheless important. The Mexican worker and farmer is as a rule diligent and intelligent and otherwise, of healthy stock.

It is, of course, difficult to establish an exact order of sequence for the remaining countries, all the more so as the only country on the West coast whose trade with the world was important already before the war - Chile - longer holds this privileged position today.

Through the intensification of agriculture - in the first place cotton - and of mining Peru's development was especially favorable and fast. At present the general economic situation in Peru is quite favorable but the disposition to utilize the rugged profits for the development of the country itself, is still relatively insignificant.

Development by
air plane
service

At this point a study of the fundamentals in the development of the Latin American countries, by air plane service, especially of those situated on the West Coast is particularly interesting. One can say that because of the fast development of from 20 to 30 years; it is no longer necessary to wait until railroads and roads are built, the air plane makes districts accessible which otherwise would yet have remained inaccessible for many years.

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I should like to cite as an example that in Peru tin mines situated 4,000 m. above sea-level have been developed by air service in that not only the machinery was taken right to the site by air planes but hauling of ores was likewise done in the same way; and all this on an absolutely economical and profitable basis.

Especially Columbia, "the country without roads and railroads", as it is often called, has profited from this development of plane service. The air port Barranquilla on the North coast, has developed into an air port of considerable world import. Columbia is doubtless a country whose development can still be carried very far. Among her most pressing problems ranges the question of the intensification of agriculture, especially as regards the growing of coffee so as to use the areas thereby released for the growing of food heretofore imported.

Also Venezuela whose fast development really occurred in the last two decades only, owes much to air transportation, apart from her rich oil deposits and its particularly favorable geographical position with regard to the United States as well as also with regard to Europe. Whether the granting of concessions to foreign groups - so liberally handled by the late president

Gener Abd which undoubtedly increased the prosperity of the country very much - will be continued in the same manner remains a question as yet to be answered. In any way, industry and especially the foreign concerns for the moment are biding their time.

Chile whose old ties to the non-American rest of the world I already mentioned

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was able through international cooperation to free itself successfully from the difficult situation into which it had been placed by the development of synthetic nitrogen. Though today Chile's dependence on saltpeter is no longer so pronounced, the desire naturally exists to distribute the national production over various branches; copper plays a towering role here but prospects for the development of other mineral resources are also propitious.

Chile, at one time very rich, has a relatively low purchasing power now which is considerably depleted. Unless the industrialized countries try jointly to raise this purchasing power it will also not be possible to increase the total exports of the industrialized countries to Chile. Of Chile's population of almost 5 million hardly 1 million can actually be considered to have purchasing power.

Raising of
purchasing
power

I should like to add here a basic remark. Often the question is raised how, in view of the relative scarcity of Latin America's population, one should proceed in order to bring about an essential increase in purchasing power; it is important to remember that of the population actually existing today, only a relatively very small part - similarly as in Chile - can be considered as really able to buy and that the very task of establishing purchasing power for the population which actually exists today would mean a multiplication of the present purchasing power. This also includes the education of the poorer classes of the population in the various countries by which one would make them understand the meaning and the usefulness of modern products; this

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will largely be the task of the circles selling the products, in cooperation with the national authorities.

Similarly as in Chile, but on a smaller scale, the abundance of mineral resources is of primary importance for the industrial development of Bolivia. Bolivia evidently still suffers because of effects of the war but for that very reason, assistance intelligently granted by the industrial countries can contribute much to rebuild the purchasing power.

Ecuador, which resembles Peru and Bolivia in its industrial structure still offers possibilities for development in spite of its unfavorable geographical position, especially with regard to Europe. Ecuador will also benefit by the development in progress for Peru and Columbia.

In the series of medium-size states these possibilities for industrial development can be called especially favorable, we find Uruguay, the only state situated on the Atlantic coast, which with predominantly agricultural profile and in its structure great similarity with Argentina. Although the level of capability to absorb is relatively limited, the great expansion of the country constitutes nevertheless a sound basis for the industrialization.

I do not in a position to express an opinion on Paraguay because I have not been there. As regards the Central American States, their conditions have similarity, apart from Cuba, which occupies a special position.

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Main problems are the discontinuation of the heavy reliance of coffee and the shift to other cultures in addition, and closer bonds between the various states for the purpose of establishing an industrial field of greater magnitude.

Basic
perceptions
emerging

Because of lack of time, I unfortunately had to abstain from dealing with the individual countries in sufficient detail which at least would be fairly commensurate with their importance and the great interest which they arouse. I have attached greater value to bringing out the general basic perceptions and the common aspects.

Basic
principles
of the
industrial
development

For all the countries mentioned, it seems to me decisive that the industrialization to be built up in an organized manner, based on the sub-surface mineral deposits and on the products of the country: only under such conditions, of course, should the various industry groups be ready to participate in the development. Only when proceeding with such care, diligence and thoroughness - which of course, is possible only if one systematically studies the economic structure of the whole country beforehand - can one obtain perfectly clear picture of what constitutes the problems which will have to be tackled next - all the result be sound in every respect.

In all Latin American countries the development of labor sources and of the communication system is of particular importance. Difficulty arises almost everywhere because of the lack of qualified workers. In this connection, we are led to the problem of immigration and settlement of such qualified workers.

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As high
industrial
indication

One here turned to the basic function of the state: I do not think that from the point of view of the industrialized countries, there should be any reason for apprehension - if such an expression has any justification at all - should even as an issue of long-range importance, not considering one or another exception the Latin American countries will develop to play a leading role in industry states comparable to that of the U.S. A. for instance. In the case of the Latin American countries, prerequisites such as are necessary for the development into a highly

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industrialized country strictly speaking do not exist. Only large-size countries with large populations and purchasing power can develop special and leading productions because a large market with purchasing power is a prerequisite for this; the only country for which these prerequisites might perhaps be given is Brazil; for the time being, however, this will fail because of the lack of suitable labor. Aside from this, however, the structure of most of the Latin American countries varies so much from that of the industrialized countries that even with most intensive development the direction of necessity will be a different one.

Adjustment
to the
markets

For highly industrialized countries to play a leading role in this field in the future, the prerequisite will be, however, a constant activity with a view to thorough exploration of the various markets and an adjustment of home production to the constantly changing demands of the markets.

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Methods of
national
partners

It would seem to me, however, that also as regards the methods which the industrialized countries apply in participating in the industrialization, a basic change - is imperative which in fact has already happened in many cases. The possibility to come as a stranger into the country and to start a new enterprise which is a 100 % foreign enterprise is no longer given because of the trends towards nationalization which exist markedly everywhere and can be understood. It is important that the national partner whom the foreigner must look for, has the feeling that the industrial development benefits his own country in the first place and public opinion in the country will the more be ready to accord full protection to the foreign partner if it sees in him an ally and not a person practicing usufruct (Mitniesser).

Financing

Even if with such developments financing has to be done mainly by foreign groups there are nevertheless already hopeful beginnings of a development of national financing, especially in Argentina, but also in Brazil, Mexico and Peru. It is evident that thereby a reasonable collaboration between partners of the various industrialized countries interested provides a more solid base, and it seems to me that the problems which are to be solved are too great to be carried into effect by one single nation.

Collaboration

It is evident that because of the varying result of their investments and of their activity in the Latin American countries, the interests of the various industrialized countries must be appraised

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Differently. But I believe that with loyal and just appreciation for this circumstance, there is an ample field for activity and that, after all, the greater this activity - based on reasonable collaboration, of course, and not on competition - the more benefit will result therefrom for the purchasing power of the respective countries, and thereby indirectly also for the volume of the world commerce.

German
methods

Although the methods according to which the individual industrialized countries presently proceed carry and frequently bring natural criticism ahead, I nevertheless ask your pardon for the remark that especially the methods used by Germany which recently gave repeated cause for criticism will, I believe, because of the ratiocination and methodicalness in their development carry within themselves in embryo the germ-cell of the methods which will be generally acknowledged in the future; perhaps this is explained by the fact that as a result of her peculiar position after the war, Germany has suffered most from market fluctuations and crises and therefore has become more receptive for a correct and well-timed adjustment to the changed structure of the world.

Contact

I believe that for the economists and more particularly for the industrialists of our period, it is a basic requirement to obtain a clear concept of the change in structure of the various countries and to find the methods which this new structure calls for.

CERTIFICATE OF TRANSLATION

I, HERZHA C. KNUTH, AGO No. X-046355, hereby certify that I am thoroughly conversant with the English and German languages, and that the above is a true and correct translation of Document No. III-1570.

HERZHA C. KNUTH
U. S. Civilian
AGO No. X-046355

(E N D)

Dr. G. von SCHMITZLER

Frankfurt/Main, 12 August 1937.

To
Geheimrat Professor Dr. C. Bosch,
LUDWIGSHAFEN/RHEIN

My dear Geheimrat,

May I take the liberty of informing you in this way that, at the suggestion of and in accord with Geheimrat Schnitz, we intend to establish a closer contact between the commercial directors of I.G. in the following manner:

It has become more and more evident that apart from the current commercial tasks of the individual Sparte which are being handled by the Sparte itself, questions of purely economic character as well as questions referring to political economy and financial politics which transcend the competence of the Sparte, arise which are either of general interest for the whole of I.G. or are likely to influence the interests of another Sparte apart from the one immediately concerned.

Today, the foremost of all these questions is the boosting of exports which is not only acute as far as the levying of the tax or the equalization of the losses resulting from individual business transactions is concerned, but in connection with the execution of the Four Year Plan it has been positively stated that today boosting of exports has priority over everything else, to a certain degree even over defense politics.

(Page 2 of original)

The problems in connection herewith concern, apart from the point of view of internal economics, our relations to the big foreign competitors with whom after all connections exist in practically almost every field of our activity nowadays in the highest degree. Mainly it is I.C.I., Dupont, Montecatini and the French chemical industry as a whole that must be considered. As you know, in the last years these latter relations to the various foreign groups have been strengthened as well as considerably extended without regard to the tension in foreign politics, it is hardly any longer possible for any single of us to survey the whole extent of the various obligations to any extent. Today the activities of our representatives abroad are also influenced in a far reaching degree by the inland trade measures (Control of foreign exchange economy clearing, compensation business etc.) on the one hand and consideration of the numerous contractual obligations to competitors on the other hand.

Our big I.C. meetings which today are held in a very concentrated form in accordance with the wishes of all participants have, because of the limited time, left us insufficient opportunity for discussing the only generally indicated problems with the commercial directors as thoroughly as had been tried and partly also carried out in former years and which has become necessary today. Following up the same ideas which you expressed in 1927 with the aim of effecting a stricter concentration

(Page 3 of original)

of all the commercial interests, we would now like to initiate a closer cooperation of the leading sellers and for this purpose shall convene for the first time on Friday, 20 August in Berlin. Besides us the participants are:

Pischer (Benzine)
Haefliger, Frankfurt
Ilgner, Berlin
Erueger, "
Kann, Leverkusen
Muehlen, Frankfurt
Leter, Berlin
Otto, "
Weibel, Frankfurt
Weber-Andreas, "

Frank-Fahle to keep minutes.

These meetings are to take place periodically at 6 weeks approximately intervals. The place is optional but in practice it will probably be Berlin to avoid too many special journeys. After all developments have led to the fact that the greater part of the matters which occupy us in this connection cannot be severed from Berlin because of the numerous public interests connected with them. At the first meeting for instance questions like the boosting of exports, foreign exchange control, procurement of raw materials etc. are almost exclusively to be discussed, that is questions which already with regard to their competence always point to Berlin. The meeting is planned as an informal one; similar meetings have already irregularly taken place in a short form. If you should be of the opinion that the Verwaltungsrat should nevertheless take up the matter, our September meetings would provide an opportunity for this. In September we shall also contact Dr. Paul Mueller as to the way in which we should

(Page 4 of original)

include the explosives interests in our circle. Now my request is that you attend our meeting (from 10 o'clock in Unter den Linden 82) in case you should be in Berlin around 20 August or if you have engagements during the day to spend the evening with us. We are inviting our representatives from abroad who are on leave in Germany to this evening meeting although not very many of them will be able to show up. In any case, Herr Weber of Shanghai and Herr Hamers of Rio de Janeiro will spend the evening

with us. I take the liberty of enclosing an invitation card.

Yours very truly,

(signature) G. von Schnitzler.

Carbon copy to Geheimrat Schalts, Berlin.

CERTIFICATE OF TRANSLATION

I, DOROTHEA L. GALEWSKI, hereby certify that I am thoroughly conversant with the English and German languages; and that the above is a true and correct translation of Document No. NI-653.

DOROTHEA L. GALEWSKI,
AGO 34079.

END

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78

I. G. FARBENINDUSTRIE AKTIENGESELLSCHAFT
MANAGEMENT

BERLIN N.W. 7
Unter Den Linden 82,
22 September 1937

Mr. R. Pabst
Sales Division Dyes (Verkaufsgemeinschaft Farben)

Frankfurt on Main

Re: Organization and fields of activity of I.G. Berlin NW7.

The Commercial Committee, (Kaufmannischen Ausschuss), newly constituted on August 20 of this year entrusted the Office of the Commercial Committee - heretofore called "Secretariat, Division II" - with the preparation and execution of the work of the Commercial Committee.

The office of the Commercial Committee is part of the over-all organization of the I.G. Berlin NW 7. As the organizations concerned are frequently not familiar with all the details concerning the fields of activity and the structure of this central Berlin organization we are enclosing herewith a report dealing with same and a plan of the organization of I.G. Berlin NW 7.

I.G. FARBENINDUSTRIE AKTIENGESELLSCHAFT

/s/ Ilgner

/s/ Frank-Pahle

Enclosures

CERTIFICATE OF TRANSLATION

I, JOHN J. BOLL, AGO No. A-444412 hereby certify that I am thoroughly conversant with the English and German languages, and that the above is a true and correct translation of Document No. NI-2640.

JOHN J. BOLL
U.S. Civilian
AGO No. A-444412

syndicate would not be able to function efficiently if it not have access to comprehensive and reliable information in concentrated form on all important factors relating to national and private economy at home and abroad.

Because of the attention which problems of publicity have received in increasing measure during the past few years the I. G. had to establish as early as 1926 a press division (Presseabteilung) which maintains contact with all pertinent domestic and foreign quarters on matters of publicity. The latest development in the field of law has presented the press division with an important new task for the execution of which this office is solely responsible.

The Bureau previously called "Secretariat, Department I" (Sekretariat-Abteilung I) now exercises the functions of a Management Division (Direktions-Abteilung). In addition to duties of a more general nature this division is in charge of preparing the business report of the I.G. and quarterly reports to the press.

Under the supervision of the chairman of the legal committee of the I.G. the Legal Division (Juristische Abteilung) is in charge of all legal matters arising inside the over-all organization of I.G. Berlin N.W.7.

The same necessity which led in the technical field to the establishment of the TEA Bureau as a central Office for interdivisional problems (zwischenpartliche Fragen) of a general nature also existed in the business field and made the establishment of a corresponding bureau desirable. For this purpose the Z.A. Bureau had been created previously which was the parent organization for the "Secretariat, Department II," (Sekretariat-Abteilung II) and the Office of the Business Committee (Büro des Kaufmännischen Ausschusses). The main duties of this office consist of an examination of problems of a general nature connected with our efforts to increase exports, and of extending export business co-operation in the execution of problems abroad. It is furthermore entrusted with summarizing information received from the information services abroad and with transmitting this information to the individual offices of the I.G. and of the syndicate. In addition to this it is in charge of business matters of a general nature which concern a number of sales organizations (Verkaufsgemeinschaften) or of syndicate members but which are not of sufficient importance to the individual firms to be handled by such firms alone. All these duties are discharged after agreement with the sales organizations and/or the competent quarters of the individual branches has been reached. The Bureau of the Business Committee furthermore is to prepare for the sessions of the business committee and of the Far East committee. It also has to supervise and execute the technical side of the work connected with these committees.

As in the case of the sales organization, several administrative divisions are attached to the above-mentioned main divisions of the I.G. Berlin N.W.7. These divisions deal with matters of personnel and of the labor force and with general problems of an administrative nature.

Finally, the following general remarks must be made in respect to the over-all organization of I.G. Berlin N.W.7:

although the original reason for the establishment of many departments or divisions was the peculiar economic developments of the last few years - except for organizations created by fusion of other departments - this over-all organization is now especially important in that it furnishes assistance in the general fields of business economy and finance to the individual sales organizations which these organizations because of their limited fields of activities would not otherwise receive assistance which has been made absolutely necessary by the structural changes which world economy has undergone.

August 20, 1937.

Enclosure: Plan for organization.

CERTIFICATE OF TRANSLATION

I, JOHN J. BOLL, AGO No. A-444412, hereby certify that I am thoroughly conversant with the English and German languages, and that the above is a true and correct translation of Document No. NI-2640.

JOHN J. BOLL
U. S. Civilian
AGO. No. A-444412

east. 6
affs. No. NI-653
Doc. Bk. 48- (6)

TRANSLATION OF DOCUMENT NO. NI-2640
OFFICE OF U.S. CHIEF OF COUNSEL FOR
WAR CRIMES

I. G. FARBENINDUSTRIE AKTIENGESELLSCHAFT
MANAGEMENT

BERLIN N.W. 7
Unter Den Linden 82
22 September 1937

Mr. H. Pabst
Sales Division Igon (Verkaufsgemeinschaft Farben)
Frankfurt on Main

Re: Organization and fields of activity of I.G. Berlin NW7.

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The office of the Commercial Committee is part of the over-all organization of the I.G. Berlin NW 7. As the organizations concerned are frequently not familiar with all the details concerning the fields of activity and the structure of this central Berlin organization we are enclosing herewith a report dealing with same and a plan of the organization of I.G. Berlin NW 7.

I.G. FARBENINDUSTRIE AKTIENGESELLSCHAFT
/s/ Ilgnor /s/ Frank-Fahle

Enclosures

CERTIFICATE OF TRANSLATION

I, JOHN J. BOLL, AGO No. A-444412 hereby certify that I am thoroughly conversant with the English and German languages, and that the above is a true and correct translation of Document No. NI-2640.

JOHN J. BOLL
U.S. Civilian
AGO No. A-444412

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Origin and Fields of Activity of I.G. Berlin NW 7.

The centralization of interdivisional functions (zwischenpartlichen Funktionen), consequent upon the fusion of the individual I.G. firms, made it necessary systematically to centralize all functions and offices in the commercial and manufacturing machinery which heretofore had decided on matters of an over-all nature concerning the individual enterprises of I.G. The finance divisions at Ludwigshafen, Casella, Griesheim, Hochst, Leverkusen, Urdingen and Berlin SO 36, were thus combined into the Central Financial Administration (Zentral-Finanzverwaltung) of the I.G. As time went on, ever growing demands were made upon the Central Financial Administration, in addition to the activities of the original finance divisions. These demands were the result of changes in the economic and monetary structures throughout the world and of the new problems with which I.G. consequently had to cope. Entirely new methods of work had to be introduced, at least in some instances. This newly created financial organization proved particularly indispensable in dealing with problems arising from the control of foreign exchange and of raw materials and in carrying out measures necessary in the promotion of our exports.

In the course of this development it became necessary to establish another organization. Its main purpose was to act as an intermediary between I.G. and official and semi-official quarters with regard to matters of commercial and economic policies, which were of ever increasing importance, furthermore to keep up permanent contact with the authorities and to transmit to them our suggestions prepared in such way that they could be submitted for immediate decision. A similar situation developed in our relations with foreign official and semi-official quarters as well as with international organizations. All these functions were entrusted to the Division on Economic Policies (Wirtschaftspolitischen Abteilung) into which organization The Central Office in charge of Commercial Economic Matters (Handelawirtschafts-Zentrale) with all its functions was incorporated. The Division on Economic Policies is to assist the individual business and technical organizations of the syndicate.

The Division of "Economic Records" (Volkswirtschaftlichen Archivs) which up to this time had been a sub-division of the Central Financial Division (Zentral-Finanzverwaltung) was combined with the former I.G. Economic Service (I. G.-Wirtschaftsdienst) and with several other offices which were entrusted with similar tasks into the "Economic Division" (Volkswirtschaftliche Abteilung). Decisive in the establishment of this office were the following important factors: the development in foreign currencies had to be kept under permanent observation - particularly in order to be able to avoid losses due to exchange fluctuations - and the world's markets for raw materials needed close watching in connection with the four year plan. Moreover, as measures for increasing our exports became more and more intensive, it became necessary to do continuous research work in regard to foreign markets (analyses and forecasts as to their developments) and foreign firms (business records and card index files on world industries). Under present conditions the management of the

syndicates would not be able to function efficiently if it not have access to comprehensive and reliable information in concentrated form on all important factors relating to national and private economy at home and abroad.

Because of the attention which problems of publicity have received in increasing measure during the past few years the I. G. had to establish as early as 1926 a press division (Presseabteilung) which maintains contact with all pertinent domestic and foreign quarters on matters of publicity. The latest development in the field of law has presented the press division with an important new task for the execution of which this office is solely responsible.

The Bureau previously called "Secretariat, Department I" (Sekretariat-Abteilung I) now exercises the functions of a Management Division (Direktions-Abteilung). In addition to duties of a more general nature this division is in charge of preparing the business report of the I.G. and quarterly reports to the press.

Under the supervision of the chairman of the legal committee of the I.G. the Legal Division (Juristische Abteilung) is in charge of all legal matters arising inside the over-all organization of I.G. Berlin N.W.7.

The same necessity which led in the technical field to the establishment of the TEA Bureau as a central office for interdivisional problems (zwischenpartliche Fragen) of a general nature also existed in the business field and made the establishment of a corresponding bureau desirable. For this purpose the K.A. Bureau had been created previously which was the parent organization for the "Secretariat, Department II," (Sekretariat-Abteilung II) and the Office of the Business Committee (Büro des Kaufmännischen Ausschusses). The main duties of this office consist of an examination of problems of a general nature connected with our efforts to increase exports, and of extending export business co-operation in the execution of problems abroad. It is furthermore entrusted with summarizing information received from the information services abroad and with transmitting this information to the individual offices of the I.G. and of the syndicate. In addition to this it is in charge of business matters of a general nature which concern a number of sales organizations (Verkaufsgemeinschaften) or of syndicate members but which are not of sufficient importance to the individual firms to be handled by such firms alone. All these duties are discharged after agreement with the sales organizations and/or the competent quarters of the individual branches has been reached. The Bureau of the Business Committee furthermore is to prepare for the sessions of the business committee and of the Far East committee. It also has to supervise and execute the technical side of the work connected with these committees.

As in the case of the sales organization, several administrative divisions are attached to the above-mentioned main divisions of the I.G. Berlin N.W.7. These divisions deal with matters of personnel and of the labor force and with general problems of an administrative nature.

Finally, the following general remarks must be made in respect to the over-all organization of I.G. Berlin N.W.7:

although the original reason for the establishment of many departments or divisions was the peculiar economic developments of the last few years - except for organizations created by fusion of other departments - this over-all organization is now especially important in that it furnishes assistance in the general fields of business economy and finance to the individual sales organizations which these organizations because of their limited fields of activities would not otherwise receive assistance which has been made absolutely necessary by the structural changes which world economy has undergone.

August 20, 1937.

Enclosure: Plan for organization.

CERTIFICATE OF TRANSLATION

I, JOHN J. BOLL, AGO No. A-444412, hereby certify that I am thoroughly conversant with the English and German languages, and that the above is a true and correct translation of Document No. NI-2640.

JOHN J. BOLL
U. S. Civilian
AGO. No. A-444412

TRANSLATION OF EXTRACTS OF DOCUMENT No. NI-4927
OFFICE OF CHIEF OF COUNSEL FOR WAR CRIMES

1)

Minutes

of the Meeting of the Commercial Committee
on Friday, 25 August 1937 at 10 a.m.,
in Berlin SS 7, Unter den Linden 82.

Attended by:

| | |
|----------------|----------|
| von Schnitzler | Chairman |
| Wiegler | |
| Illner | |
| Frueger | |
| Mann | |
| Muehlen | |
| Otto | |
| Pischi | |
| Seber-Androne | |
| Frank-Vahle | Recorder |

1) Constitution and Basic Matters.

Dr. von SCHNITZLER gave an account of his conference with General von SCHLITZ and of his statements to General von BOSCH on the necessity of closer contact of the leading businessmen of the R.G., which led to the convening of today's meeting.

The following decisions were made:

a) The Commercial Committee will consist, in the future, of the following members:

| | |
|----------------|-----------|
| von Schnitzler | Chairman |
| Pischi | |
| Wiegler | |
| Illner | |
| Frueger | |
| Mann | |
| Muehlen | |
| Otto | |
| Pischi | |
| Seber-Androne | |
| Frank-Vahle | Recorder. |

TRANSMISSION OF EXCERPTS OF DOCUMENT No. SI-927
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(page 2 of original)

Reichsrat BUSECK and Geheimrat SCHLITZ are always to be informed of the dates of meetings.

Dr. Paul UELLER is to be invited to the next in a of the Commercial Committee as representative of the Explosives Group (Sprengstoffgruppe).

The commercial interests of the firm Kalle and Co. will be taken care of by Herr OTTO.

b) The Commercial Committee shall meet at least once a month, when possible on every first Friday of a month at 09:30 hours. The exact time of the next two meetings is to be decided in the previous meeting.

c) The compilation and the preparation of the agenda is the task of the Office of the Commercial Committee, which places the agenda before the participants after it has been approved by the Chairman and the members of the Commercial Committee.

2) Organization and field of activities of the I.G., Berlin NW 7.

a) Scheme of organization.

Dr. ILGNER reported on the field of activities of the I.G. organization in Berlin NW 7 and gave a brief account of how it came to be founded. As the work performed by the Berlin central offices consists mainly of centralized auxiliary functions in the field of business and economics generally, close cooperation with the individual sales companies and concern firms (Konzernfirmen) had already developed in the earlier years. As the present situation with regard to raw materials and foreign exchange made it necessary for increased attention to be paid to all these activities, it became essential to ensure still closer cooperation in future. In this connection all participants welcomed and accepted a proposal made by Dr. ILGNER to the effect that the Commercial Committee should in future share the responsibility for the general commercial and economic problems to be handled by the Berlin central offices.

TRANSLATION OF EXCERPTS OF DOCUMENT No. RI-4927
CONTINUED

(Page 3 of original)

The organization scheme which had been submitted was then discussed and approved by the Commercial Committee. In view of the fact that in many instances leading gentlemen of the I.G. did not appear to be familiar with all the details of the field of activities and organization of the Berlin control offices, it was decided that these data should be made available to the members of the Central Committee by Mr. von SCHNITZER.

b) Essential facts from the report on Latin America.
(Functions of the I.G. Verbindungsmannner).

Following a report on the report on Latin America compiled by Mr. HIGHER a discussion arose regarding the duties of the I.G. Verbindungsmannner (hitherto called "Zafi-confidential agents" - Zafi-Vertrauensmannner), their deputies and assistants.

There was general agreement that, owing to the ever increasing tendency towards industrialization in the world, it was imperative for the I.G. foreign operations to have in all the larger towns abroad such persons as Verbindungsmannner who, by virtue of the positions they held and their knowledge of prevailing conditions could judge correctly the developments of their own country and give advice to the management at home accordingly. For that reason the Commercial Committee thinks it advisable that the former institution of the Zafi-confidential agents ("Zafi-Vertrauensmannner"), who were already very active in this direction, be given increased consideration in their extended capacity as "I.G. Verbindungsmannner".

c) New office building at Unter den Linden /
König Wilhelmsstrasse / Dorotheenstrasse.

After having been shown a model of the projected new office building, the members of the Commercial Committee considered the present accommodation of the Central Office in Berlin. It was generally agreed that the present accommodation in nine different, considerably scattered houses in no way met the requirements of this organization, and

TRANSLATION OF EXCERPTS OF DOCUMENT No. WI-4927
CONTINUED

(page 3 of original, cont'd)

that the speedy construction of the new building was to be considered an urgent necessity.

(page 4 of original)

3) Promotion of export.

a) Letter to the Plenipotentiary for the realization of the Four Year Plan, Foreign Trade Branch (Geschäftsgruppe fuer Aussonhandel).

1)
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Dr. ILGNER reports that the Plenipotentiary for the Four Year Plan, Foreign Trade Branch, has requested us to ascertain what additional measures can be taken, in view of existing conditions with regard to German foreign exchange, raw materials and food-stuffs, to achieve as soon as possible a further increase in our exports. The draft of a reply composed on the basis of data made available by the office concerned is approved. Dr. von SCHNITTLER emphasizes that it is necessary to point out to the authorities in a suitable form that, if I.G.'s international trade is to be maintained and expanded, capital investments abroad for which foreign exchange will have to be allocated to us, will be unavoidable in the future as well. It is agreed upon that it will not be necessary to mention this point expressly in our reply, as it is already stressed in the attached memorandum by Dr. ILGNER: "Promotion of export within the framework of the Four Year Plan".

b) Letter to the Plenipotentiary for Iron and Steel Control.

2)

In connection with the above-mentioned letter, the problem of securing iron supplies for the I.G. works was dealt with. The solution of this problem is essential if production is to be maintained and if, consequently, all our commitments are to be fulfilled. The petition drafted by the I.G., Berlin NW 7, in cooperation with Messrs. JAEHNE, STRUSS, LEISS and the Vermittlungsstelle V,

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TRANSLATION OF EXCERPTS OF DOCUMENT No. NI-4927
CONTINUED

(page 5 of original)

dated 16 August 1937 and addressed to the General Plenipotentiary for the German Iron Control was read to the assembly. In the ensuing discussion it was decided that this petition was to be attached to our reply dealing with the promotion of export.

4) The effects of price reductions of trade-marked goods on export or on earnings in foreign exchange.

A detailed discussion was held on the difficulties arising in connection with price levels abroad for a part of the trade-marked goods manufactured by I.G. through reduction of home-market prices. It was agreed that in all cases where there was a danger of reduction in home-market prices leading to a similar reduction of price levels abroad and therefore to a reduction of increasing foreign exchange, application was to be made to the Commissioner for Prices, requesting that in such cases home-market prices be maintained at their former level. If necessary the appropriate authorities for export questions are to be requested to support our applications to the Commissioner for Prices in a suitable manner.

5) South-American problems.

Following a general report on the export-situation in South America and particularly on the activities of rival concerns, measures to be taken by the I.G. are being discussed. It is the general understanding that in order to be able to cope with the great activity of the Anglo-Saxon concerns, reinforcements will be required throughout the whole of the foreign organizations. The individual items provided for by the agenda are adjourned till the next meeting.

6) Business with Red Spain.

The latest information received from the competent authorities was discussed. In this connection Dr. SCHMITZLER reported on

TRANSLATION OF EXCERPTS OF DOCUMENT No. BI-4927
CONTINUED

(page 6 of original)

the field of dyestuffs, Mr. HAHN on pharmaceutical goods, Mr. OTTO on photographic items and rayons.

7) Situation in China.

a) General situation.

Mr. AIBEL reports on the situation in China, stating in particular that the war insurance of the stocks in China had been recalled, with the term expiring at 24.00 hours, Central European time, 21 August 1937. Considering that international insurance companies say, in case of need, recall war insurances at short notice, the question of whether there is any object in taking out war insurances at all is being discussed in principle. The Central Financial Administration has been ordered to find out whether it is possible for insurance abroad to be undertaken internally, or whether some other arrangement can be made to cover the war risk abroad in such a way that a short-term withdrawal of the insurance-contracts can be avoided.

b) Exchange Guarantees.

Dr. Frank-Fahle reported on the position of the exchange guarantees. In view of the fact that the Dyestuffs and Chemicals Agency has succeeded in recovering almost all outstanding debts before they were due, the total outstanding debts of I.G. in China are fully secured, as are also stocks amounting to an estimated four months' sale. There is a possibility that as a result of the situation in China the current price contracts might not be fulfillable. Judging by previous experience in similar cases, an extension of these contracts on the part of the banks can be expected.

Dr. Frank-Fahle suggested that after detailed discussions between Herr AIBEL and the Central Finance Department, an attempt should be made to safeguard a part of our outstanding debts in China and Japan by taking up credits in the local currencies. It was decided to follow up this question as soon as the situation in China and Japan allowed it.

TRANSMISSION OF EXCERPTS OF DOCUMENT No. II-4927
CONTINUED

(page 7 of original)

8) Uniform attention of the I.G. to be given to requests of U.S. Treasury agents.

Dr. von SCHWITZLER reports in detail on the experiences of the Dyestuff-Sparte on the occasion of visits by American Treasury agents, and on problems of American customs and dumping (Dumping-Problems). Subsequently Mr. LAHN reports on a recent visit of an American Treasury agent to Leverkusen, Durin, which the question of general expenses was dealt with in particular. After a detailed discussion it was agreed that as long as there are no local regulations in Germany which originally prohibit the giving of information, it is inadvisable to decline in principle the requests of the Treasury agents. An attempt must rather be made to settle the matter amicably with the agent without informing him of any details of our business or of what our expenses are composed. Considering our present economic situation with regard to America, it is deemed inappropriate at the present time, to suggest to the German authorities that a general decree prohibiting information should be issued.

9) Actual notification between the Sales Combines when terminating Agency agreements.

The firm Jella informed us that in several cases in which individual Sales Combines had terminated their agency agreements with independent foreign agencies, they had only received notification of it at a considerably later date. Since Jella and other Konzern-Companies very frequently placed their agencies with certain firms solely because the firms in question were already representing certain I.G. Sales Combines, it was necessary that all Konzern-Companies be notified of the termination of agency agreements, stating the reasons for it if possible, so as to enable the other companies to consider whether they wished to terminate their agency agreements as well. The office of the Commercial Committee is to be commissioned to draw up lists, showing which foreign I.G. agencies are simultaneously employed by Konzern Companies as well as other German or foreign firms. These lists are to be currently corrected and brought up to date. They, as well as the corrections, are to be submitted to the Sales Combines.

TRANSLATION OF EXCERPTS OF DOCUMENT No. NI-4927
CONTINUED

(page 8 of original)

It was decided that the next two meetings of the Commercial Committee will take place on Friday, 10 September 1937, at 09:30 hours and on Thursday, 7 October 1937 at 09:30 hours, in Berlin NW 7, Unter den Linden 82.

Berlin NW 7, 25 August 1937

(signed) v. SONNITZER

(signed) FRANK-FAHLB

F.F./ED. 1/37

CERTIFICATE OF TRANSLATION

14 August 1947

I, Arthur C. LACNAMARA, EPO 20191, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of the document No. NI-4927.

Arthur C. LACNAMARA,
EPO 20191

I, Dr. Hellmuth LOWME, Berlin-Glaserhof, Schlagenbader Str. 90 having been warned that I render myself liable to punishment if I make a false statement, state herewith voluntarily under oath, and without having been subjected to any duress; the following:

1. At the end of 1935 I joined the I.G. Farben and remained there until ^{March} 1943. I worked in the Economics Department (VOWI) and finally became department chief.

The Economics Department (VOWI) was divided into three sections:

- a. Section I - general economic observation (observation of current questions regarding the state of the market, money, questions of stability, currency predictions, labor-problems).
- b. Section II - chemical industry dealt with the following Sparten:
 - (1) Investigation of the market for chemical products.
 - (2) Problems confronting foreign chemical trade.

This sub-department had its own statistics. Its main function was the collection and preparation of complete world-statistics regarding chemical products. (Statistics from all countries regarding the import and export of chemicals.)

- c. Section III - Business archives (Firmenarchiv). This section dealt with Konzern-connections, i.e. international cooperation of the respective Konzerns in the chemical industry, furthermore (crossed out: firms) with the description and analysis of the firms in most countries of the world in the chemical field or in matters related to chemistry, even if they did not belong to such Konzerns. A practical case can be used to illustrate this: If, for instance, the Economics Department (VOWI) received an inquiry from one of the sales departments of I.G. for information regarding the chemical works Aussig/Lauebau, the following data was ascertained: The construction of the Vorstand, the functions of the

initial L

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(page 2 of original)

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Vorstand, the amount of capital, the legal structure of the company, the special spheres of activity (production-programs) (crossed out: project), interests (crossed out: observation) of this firm in its own country and abroad, and interests (crossed out: observation) of other firms in the above-mentioned firm at Aussig. Possible demand of this firm for certain raw- and semi-finished materials for further processing. Analysis of the balance sheets for all firms in which I.G. Farben was interested. All these particulars were arranged according to a certain plan, analysed and bound in so-called green folders at the work of VOWI (Economics Department).

Dr. REITHINGER was head of the above-mentioned three sections. The single sections were directed by the following:

- a. Dr. FLATNER, Dr. RUPP, Dr. FURST, section I.
- b. Dr. JOEN and myself, section II.
- c. Dr. SAHNER, section III.

At first all these sections were concerned merely with economic data, this arrangement, however, was changed later, when Dr. LOWME continually demanded an economic monograph on the occasion of his numerous journeys abroad. This monograph was composed as follows: political structure of the country, the names of the government-heads,

(page 2 of original cont'd)

description of the entire political structure, and the names of well-known and leading politicians, a great deal of this information had no connection with the actual I.G. Farben business. These questions were ultimately related to the political structure.

Every week a conference of the entire VOWI (Economics Department) took place, where each member gave a brief report on his own field of activity.

3. I know the name VON DER HEYDE. The person of this name was a member of the Political Economy Department (VIPO) and worked under Dr. TERHAAR. He was the so-called Counter Intelligence Office of I.G. Farben. It was the task of this office to see that the statistical and other returns regarding figures for German industry were kept secret. Among other things he was responsible for the control of this material and for seeing that it was kept under lock and key.

(signed:) Helmut LOEBEL

(page 3 of original)

With regard to the maintenance of secrecy about the material: All material concerning the production figures of German industry was stamped "State Secret §...". The stamping of this material with the stamp described above, was introduced in about 1936.

With regard to the question put to me, as to whether I am aware that a series of reports of this kind was also made available to official authorities by I.G. Farben, I suppose this to be correct. My presumption is based on the fact that we were all generally aware that such reports, in view of the structure of Economy and of the totalitarian system at that time, were demanded by (crossed out: submitted to) the High Command of the Armed Forces, the Reich War Ministry or even by the Foreign Office. It was certainly the case with the High Command of the Armed Forces. In the case of the Foreign Office, I presume it to be so.

I do not know definitely whether VON DER HEYDE was carrying out other work with I.G. Farben besides. However, there were rumors that VON DER HEYDE also carried out party functions, which were generally assumed to mean activity for the SS or the SD.

It is evident that VON DER HEYDE and Dr. ILGNER cooperated closely, for it was on the initiative of Dr. ILGNER that a Counter-Intelligence Officer was appointed. It is only natural that he selected a person who was in his confidence for such a task.

The following should have the best definite knowledge (last two words handwritten) about cooperation between I.G. Farben and the High Command of the Armed Forces: Dr. KRUEGER, Dr. FRANK-FAHLE, Dr. REITHINGER, Dr. T. KLAR, Dr. GATTISAU.

I do not know whether the High Command of the Armed Forces requested the I.G. office in Berlin NW 7 to take part in the conference dealing with foreign countries. But I do know that the High Command of the Armed Forces or rather the High Command of the Army asked (handwritten) the I.G. office in Berlin NW 7 for such information. I was told at that time by Dr. REITHINGER that it had been agreed upon that if war should break out, some departments of the I.G. office in Berlin NW 7 should become directly subordinated to the High Command of the Armed Forces. As Dr. KRUEGER prevented this, or wanted to prevent this, as far as I know, a compromise was agreed upon. According to this, the I.G. office in Berlin NW 7 was to cooperate with the High Command of the Armed Forces not generally, but only in individual cases. I know this to be true as far as it concerns the Economics Department.

As regards actual cooperation between the High Command of the Armed Forces and the I.G. office in Berlin NW 7, in practice we were employed as

signed: Helmut LORENZ

(page 4 of original)

the consulting experts for this work, from whom information was obtained. In addition to this, however, the High Command of the Armed Forces also asked I.G. Farben to work out the following matters: To estimate the production-potential for explosives in England. For instance, the Economics Department, in fact by own section, Chemical Economy, gave information on this question. I do not know in what way this matter was dealt with in WIPO. TREHAAR and GATTINEAU must know about this.

3. Regarding the sending abroad of I.G. Farben employees, especially before 1939, I know the following facts:

As far as I remember, Dr. ILGNER declared in a conference with the departmental heads and Referenten in about 1937, in which I took part, that in his opinion the information about the conditions abroad as reported by the commercial ^{representatives} ~~attaches~~ was very insufficient. He explained that it was his aim to obtain/independently, by his own staff, a picture of these ^{conditions} conditions abroad. For this reason he planned to send abroad so-called (crossed out: above-mentioned) I.G. Farben Verbindungsmänner from I.G. Farben, Germany (Berlin NW 7), to attach them to the I.G. agencies abroad in order to obtain in this way direct reports about the foreign countries concerned. He was of the opinion that the agencies abroad as such were too much taken up with the actual sales business, and that a specially qualified person was required for reliable and exact reporting. He had noticed in particular, that in this case it was a question of gathering together economic material and particularly publications of this kind in other countries, and of forwarding this in the quickest possible way to I.G. Farben direct. He had a notion of putting into practice approximately the same methods as the American Consular Service was using in such an excellent manner.

4. As to the intentions of I.G. Farben in Roumania, the following facts are known to me: It was at the end of 1938, or perhaps at the beginning of 1939, when I.G. Farben, or rather Dr. ILGNER, had the intention of utilizing Roumanian raw materials for companies in Roumania with technical help and financial participation on the part of I.G. Farben.

As far as I remember, it was a question of utilizing natural gas in Roumania to produce from it nitrogen. Another project was to obtain reeds from the Danube for the production of synthetic fibro-cellulose. The idea, put forward by Dr. ILGNER, was to support the South-East European States with technical and financial assistance,

(signed:) Helmut LORENZ

(page 5 of original)

in making their raw-material resources accessible to them and in developing their industry. There were two reasons for this: 1. To find purchasers for I.G. Farben products within these industries and 2. to import these raw-materials to Germany if they were not required abroad. This applied primarily to natural oil and reeds from the Danube. It was possible to process these reeds into cellulose in Roumania, and

(page 5 of original cont'd)

when imported into Germany, into chemical fibre-substance.

5. Higher policy, in particular with regard to Verbindungs-mannern, reports to the High Command of the Armed Forces, etc. was formulated by a limited circle only. This consisted of: 1. The circle of the directors and 2. The so-called responsible departmental heads. Members of the first group were: Dr. KRUGER, Dr. FRANK-FAHLE, and Dr. GATTINGAU. They all worked under Dr. ILGER. Members of the second group were: Dr. THRAAE for WIPO, Dr. REITINGER for the Economics Department (crossed out: Dr.) GIBELICH for ZEPF, in collaboration with Dr. KNEGER, WILCHER for the legal department and Mr. SAXER for the office of the Commercial Committee. All the above-mentioned gentlemen represented to all intents and purposes the leading personalities of the I.G. office in Berlin NW 7, which in turn dealt, among other things, with conferences abroad, reports, communications to the authorities.

6. As to the figures used (crossed out: negotiated) in our firm, there was an obligation to secrecy, and any violation of this obligation was punishable, insofar as the red stamp signified clearly that a violation of the obligation to secrecy automatically resulted in certain punishments.

7. Besides Dr. VON DER HEYDE, who was known to be the representative of the SS or the SD and who belonged to the I.G. office in Berlin NW 7, there was supposed to be an assistant to Dr. VON DER HEYDE, a Dr. HURDIGER.

8. As to situation-plans of industries abroad and the corresponding maps, drawn by I.G., I know that these were produced in the office of Dr. SAUER by the Economics Department and were made use of them. It is also correct that these maps were introduced in the I.G.-Konzern about 1935/36, or in any case before 1937. In my opinion, the suggestion for making such graphs, was not put forward by Dr. REITINGER, but by Dr. ROBERT, who was the head of the business archives section (Finanzarchiv), later on this suggestion was also carried out by him.

signed: Helmut LORENZ

(page 6 of original)

9. I know that a certain Mr. DORN was responsible for maintaining liaison between ROBERT's department and the authorities, and in particular the High Command of the Armed Forces. DORN cannot be described as liaison-officer; he was merely the representative of ROBERT's department, who negotiated frequently with the High Command of the Armed Forces.

I think it is possible that German air-raids were in many cases directed against industrial plants of this kind, which were particularly well marked on the I.G. Farben maps. I am, however, convinced that the maps, as already mentioned, were made as early as 1935 or at the latest in 1936, and then merely for the industrial purposes of I.G. Farben. I do not know whether the High Command of the Armed Forces itself pointed out to I.G. Farben the use of such maps for military purposes. I only know that the cooperation between the I.G. office in Berlin NW 7 and the Wehrmacht, mentioned by you, diminished after the outbreak of war. The reason for this is, in my opinion, that on the outbreak of the war the High Command of the Armed Forces had

(page 5 of original cont'd)

set up its own office for such questions with a very large staff, and for this reason did not need I.G. Farben any more at that time.

It is, however, possible that the newly established Economic Staff made use of the locality-maps made by I.G. Farben as early as 1935, for the new activities which it had undertaken. It is also possible that the High Command of the Armed Forces had taken as its model the plans used by I.G. Farben, (crossed out: I think that this was the case for) I remember that in special cases Dr. WEITHINGER repeatedly pointed out to his colleagues that information should be given to the High Command of the Armed Forces only on an express request, and not at the suggestion of I.G. Farben.

I have carefully read through and signed personally each of the six pages of this affidavit and I have made the necessary corrections in my own handwriting and countersigned them with my initials, and I declare herewith on oath that in this statement I have told the full truth to the best of my knowledge and belief.

signature: Helmut LOEBLZ
initial: L Dr. Helmut LOEBLZ

Sworn to and signed before me this 11th day of April 1947 at OOOAO, Berlin, Dehler, Kronprinzen Allee 138, by Dr. Helmut LOEBLZ, Berlin-Wilsdorf, Schlangenhader Str. 90, known to me to be the person making the above affidavit.

Robert WILFERN
Robert WILFERN
U.S. Civilian, AGO X 046343
Office of Chief of Counsel
for War Crimes
U.S. War Department

CERTIFICATE OF TRANSLATION

June 23, 1947

I, Monica Wellwood, B 00525, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of the document No NI-6486.

Monica Wellwood
B 00525

"END"

TRANSLATION OF EXCERPTS OF DOCUMENT No. NI-5744
OFFICE OF CHIEF OF COUNSEL FOR WAR CRIMES

Minutes of Mail-Conference No. 85.

Board of Directors
Department 26/P.

19 November 1937

Present: ILGNER (Chair)
KRUGER
G. TITZELAU
P. S. LANGE
HELFBERT
J. COBSEN
SCHMIDT
FRITZ (Secretary)
v. MEISTER
RONG
PLATZER
Director REIFFER (temporary)
BOEHSE

Before entering on the agenda, the following points are under discussion:

APPOINTMENT OF I.G.-LIAISON OFFICERS. (I.G.-Verbindungsmann)

The appointment of I.G. liaison officers or their deputies will be made only through the Commercial Committee.

(page 2 of original)

Appointment of Lawyers.

By request of Herr Dr. van ENHEDI, lawyers for the Legal Department I.G., Berlin N.O. 7 are to be appointed only with his approval.

Information of the Chairman of the Vorstand.

- 1) Current information is to be given.
 - a) by transmitting the minutes of the correspondence conference.
 - b) by transmitting reports on the activities of the departments of I.G. Berlin N.O. 7.
 - c) by transmitting all data sent to the members of the Commercial Committee.
- 2) Information in each individual case is to be given in such a way that letters or notes, containing a coherent statement, are forwarded by the Board of Directors to Herr Geheimrat SCHLITZ. Suggestions of the V.A. (verantwortlicher Abteilungsleiter - responsible department chief) to be submitted to Herr Geheimrat SCHLITZ are made by affixing a red sticker with appropriate printing.

New Code for I.G. Liaison Officers.

The new code for the I.G. liaison officers is to be worked out in such a manner as to make it possible to

(page 3 of original)

introduce it by 1 October 1939.

ILGNER approves the suggestion to transfer Mrs. HOFFMANN from the information bureau to the Directorate/Code Department.

(page 3 of original cont'd.)

Reports.

This is to make clear the fact that the office of the Commercial Committee needs to make reports only on tangible business incidents. Current or general reports are the task of the Economic Department, to whom all material received at the Office of the Commercial Committee for use in such reports, is immediately forwarded.

(page 5 of original)

Directorate.

2) Contributions South America.

FISHER reports on the completion of book gift parcels for German chambers of commerce, schools, and Party offices in Latin America. The accompanying letters are to be submitted to ILGER for signature. On completion, the list of gifts will be forwarded to the Ibero-American Institute, which will then endeavor to arrive to supplement the I.G. gift

3) Dissemination of the Expert Promotion pamphlet.

WITTENBERG will find out at the Foreign Office and the Ministry of Economics to what extent distribution of the Expert Promotion Pamphlets to individual official representatives and I.G. liaison officers (Verbindungsmann) abroad can be carried out.

(page 6 of original)

III. Office of the Commercial Committee.

2) Mexico/Visit Dr. v. HUMBOLDT.

It is proposed that, for the present, von HUMBOLDT remain in Mexico until spring 1938, but the question will be settled definitely after a talk in Berlin with Herr FISCHER from Mexico. The other arrangements made with him stand unaltered.

(signature) ILGER

CERTIFICATE OF TRANSLATION

18 June 1947

I, JOHANN K. REISCHER, B-397961, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of excerpts of document No. NI-5744.

JOHANN K. REISCHER
B-397961

I.G. BERLIN NW 7

Unter den Linden 82

To Director Dr. von SCHNITZLER

I.G. FARBENINDUSTRIAL AKTIENGESELLSCHAFT
FRANKFURT/MAIN
Grüneburgplatz

| | | | |
|-----------|----------------|--|---------------------------|
| Your Ref. | Your Letter of | Our Ref. Office of Commercial Committee Ga/Ed | Date. 23 November 1938 |
|-----------|----------------|--|---------------------------|

Subject: I.G. Liaison Men in Spain.

With reference to the nomination to I.G. Liaison man made during the sixteenth session of the Commercial Committee on 11 November 1938, we are herewith sending you the nomination letter for Herr F. BIRK. If you agree with the wording of the letter, please return it with your signature. A copy for your file is included.

OFFICE OF COMMERCIAL COMMITTEE

(Signature) SCHWARTZ

Enclosures

(2nd Page of original)

Herrn F. BIRK
Colorantes y Productos Quimicos
Jose Rodriguez Y Cia, S.L.,

VALLADOLID / Spain
Apartado de Correos 79

November 1938

Ga/Ed

Dear Herr BIRK,

We are herewith informing you of the decision made at the meeting of the Commercial Committee on 30 August 1937:

"It has been agreed that the necessity exists for the I.G. Foreign Organization to have certain persons abroad in the more important places as liaison men. On the basis of their knowledge of conditions and occupations these liaison men should be able to observe developments in their countries and to advise the management at home accordingly. For this reason, the Commercial Committee considers it fitting to increase the importance of the institution, which, under the name of "Zefi Vertrauensmänner" ("Central Finance Department, Confidential Agents") has already been acting in this direction, and to change this into "I.G.-Verbindungsleute" (I.G. Liaison Men)."

You were nominated I.G. liaison man for Spain during the meeting of the Commercial Committee on 3 August and we are herewith confirming your nomina-

TRANSLATION OF DOCUMENT NO. HL-6123
Cont'd

tion formally.

We request you to visit us for two or three days during your next visit to Germany and to inform us well in advance of it so that we can brief you on

(Page 2 of original)
(3rd Page of original)

Herrn F. BIRK, Valladolid

November 1938

your mission.

As an I.G. Farben liaison man, we urge you to rely extensively on our cooperation. The I.G. liaison men are subordinate to the Office of the Commercial Committee, which is part of the organization of I.G. Berlin NW 7; we are herewith sending you a survey and organizational chart of I.G. NW 7, since the offices interested are not always completely familiar with the field of action and structure of this central organization.

The chiefs of the sales combines of I.G. will also inform the other chiefs of the sales combines active in the sale of I.G. products in your country.

Beyond that, we would like you on your part to invite the gentlemen concerned to a discussion at the next opportunity and to arrange for regular free discussions on the general economic problems of interest to I.G.

We would like you to invite only the chiefs of those organizations that are closely connected with I.G. Farben, that is, not of independent firms that sell I.G. Farben products for their own profit, to these conferences.

As soon as you have started these regular discussions, will you please regularly send us short reports in the form of confidential memos which we will then forward to all I.G. Farben offices concerned. We shall seize the opportunity of your next visit in Berlin to discuss these representative

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(4th Page of original)

Herrn F. BIRK, Valladolid

November 1938

conferences abroad with you in detail.

Welcoming you as a co-worker, we would like to express the hope that through our cooperation the foreign connections of I.G. will be benefited, and thus, indirectly the German economy.

With German Salute,

I.G. FARBEWINDUSTRIE AKTIENGESELLSCHAFT

-3-

TRANSLATION OF DOCUMENT NO. NI-6132
Cont'd

STATEMENTS OF TRANSLATOR

I, DOROTHEA L. GALEWSKI, M.P. NO. 34079, hereby certify that I am thoroughly conversant with the English and German languages; and that the above is a true and correct translation of Document No. NI - 6132.

DOROTHEA L. GALEWSKI
M.P. NO. 34079

END

-4-

Minutes

of the 8th meeting of the commercial committee,
held in Berlin NW 7, Unter den Linden 82 on Friday
the 11th of March 1938 at 9:30 a. m.,

Persons present:

Goh, Lat Schnitz,
von Schnitzler, presiding,
Fischer,
Hoefliger,
Ilgnor,
Krueger,
Mann,
Machler,
Muller,
Otto,
Weibel,
Jobor - Andreus,
Frank - Fehle, recording,

and

Birk,)
Dihlmann,) at the discussion of
Fahst,) item 5 of agenda.
Sennar,)

1) Mobilization - Project. (M.-Frage.)

Dr. von Schnitzler reported on the present position and the steps to be taken in future, and stated that he and Dr. Ilgnor would first of all contact the competent authorities on basis of available data.

2) Cooperation with the organization of the NSDAP abroad (A.G.).

Discussion of actual instances led to general agreement that it would seem to be the best solution to refer all questions of principle to Mr. Weibel, delegate of the Commercial Committee. It was, however, decided that, where the special interests of any particular branch were at stake, negotiations with the organization of the NSDAP abroad (A.G.) should be conducted jointly by Mr. Weibel and the appropriate responsible member of the commercial committee.

(page 2 of original)

3) Appointment of I.G. Liaison Agents (Verbindungsmaenner)

Following the discussion of some actual instances Dr. Ilgnor pointed out that members in responsible positions, when travelling abroad on other than merely routine business, must under no circumstances fail to contact I.G. Liaison Agents and to keep them informed. Such procedure appears necessary in view of the increasingly more involved and intricate relations with foreign countries, and particularly in view of the tendency, all but universally manifest, toward nationalisation and industrialisation.

(page 2 of original continued)

Under these circumstances it would make things easier for members in responsible positions travelling abroad, to have on hand, in the greatest possible number of countries, an expert (the I. G. Liaison agent) capable of supplying information on current trends and tendencies. No I. G. Liaison Agent will be able to do so, unless he receives adequate advance notice. Methods of selection of I. G. Liaison Agents are such as to guarantee confidential treatment of such matters.

Dr. Schnitzler undertook to report on the matter to the Central Committee (Z.N.) accordingly.

(page 3 of original)

Berlin, the 16th of March, 1938.

signed: von Schnitzler signed: Frank-Feldt

F.F./34. 6/38.

CERTIFICATE OF TRANSLATION

5 June 1947

I, LEONARD LAURENCE, 20138, herewith certify that I am thoroughly conversant with the English and German languages; and that the above is a true and correct translation of excerpts of document no. NI-5621.

LEONARD LAURENCE
20138

Minutes

of the 15th session of the Commercial Committee on Friday,
7 October 1938, 9.30 a.m., at Berlin N.W. 7, Unter den Linden 82.

Present: Von SCHEITLER, chairman
HAEFLIGER,
ILGEN,
FRUENKEL, secretary
MUELLER,
OSSEN,
OTT,
VAISSEL,
VON-AMERLING.

and for part of the time:
Geheimrat SCHMITZ,
CANNINGHAM,
TUGLER,
FISCHER,
KREMER.

1) Wares and price development in the I.G.
(Data for the National Bank.)

Dr. FRUENKEL reports on the request which we have received from the National Bank to submit data on the development of wares, and prices for raw materials and semi-processed materials to be used for an investigation which will not be made public. The I.G.-data is to be submitted to the Commercial Committee before being sent to the National Bank.

2) I.G.-Propaganda Film.

Dr. FRUENKEL reports on a suggestion of the News Office that a general I.G.-propaganda film should be produced. Mr. OTT suggests that this matter should be postponed for some time yet; the film could then be made in Technicolor.

(page 2 of original)

3) German Eastern Fair, Feenischberg.

Dr. Von SCHEITLER reports that Frankfurt has agreed to the suggestion made by the Office of the Commercial Committee and the News Office that they should take part in the Feenischberg Fair in future; because of particular position and importance for the Eastern border countries of this fair, I.G. will contribute an exhibition stand, which will occupy a central position. The Commercial Committee agrees with this.

4) Czechoslovakia.

Dr. Von SCHEITLER first reports on our action concerning Assis, the result of which was that Dr. TUGLER and Ing. KREMER (Assisier Verein, Falkensau plant) were appointed commissioners for

(page 2 of original cont'd)

the maintenance of the plants situated in the Sudeten-German areas by the Reich Ministry of Economics, the Organization of WEHR abroad (Arbeitsorganisation) and the High Command of the Armed Forces (HEER) as technical commissioner, FUGLER as commercial commissioner. Dr. Von SCHWITZLER and Dr. ILGNER undertake it to inform the competent authorities on I.G.'s attitude towards the whole complex of questions; the FAIR-Bozorn is to be contacted, too, in the same connection.

5) Austria

Dr. ILGNER reports on the acquisition of the Suda-Metalar shares and the conclusion of the agreement with the Austrian Ministry of Finance regarding FUMER. Both agreements still need the formal consent of the Reich Ministry of Finance after the consent of the Austrian Ministry of Finance has first been given in principle, and the final consent of the High Command of the Armed Forces (Army Ordnance Office).

Further, Dr. ILGNER reports on the discussions with Dr. RAY WASSERER, Staatskommissar for Austrian private enterprise, concerning the staffing of Aufsichtsrat and Vorstand of the Dynamit-Gesellschaft; the basic consent of the Staatskommissar makes it possible for us to arrange the staffing in a way conforming to our commercial interests.

(page 3 of original)

Since the Commercial Committee has given its consent, and since as a result of a discussion between Dr. WURME and Dr. TER MEER the latter, too, has consented on behalf of the Technical Committee, the agreement of Geheimrat SCHITZ has now to be obtained. In this connection it seems expedient to combine the commission given at the meeting of the Vorstand on 17 June 1938 to Dr. WURME and Dr. TERMEER, i.e. the Treatment of technical problems in Austria, with the commission given to Dr. ILGNER, namely the Treatment of general commercial problems in Austria and the South Eastern European Countries (Commercial Committee on 24 May 38 and 16 June 38) in such a way that in future this body with the assistance of the I.G. authorities concerned - particularly Dr. FUGLER for questions of dyestuffs - will be responsible for all general problems in South Eastern Europe that are of interest to the I.G.; Dr. WURME said that this also was agreed to by Dr. TER MEER on behalf of the technical side.

6) Latin-America (Lecture Dr. OVERHOFF)

Dr. OVERHOFF reports in detail on the impression gained on his last journey with special reference to the situation brought about by the new political and economical offensive of the United States of America. The questions mentioned in this connection: the Press, anti-dumping, Argentine propaganda and German re-orientation, are to be followed up accordingly.

TRANSLATION OF DOCUMENT No. 31-6077
CONTINUED

(page 3 of original cont'd)

Regarding industrialization, the suggestion has been agreed to in principle that an industrial nucleus even if it were only small at first, which in future would make possible the additional expansion as the need arose, should be established as soon as possible in all the more important Latin-America countries. In this sense the item "Inguico", Fedellin, Columbia, has to be dealt with and the necessary instructions are to be given to Mr. VALLOTH and Dr. PAUL who will shortly visit Columbia. The establishing of these nuclei does not exclude the possibility of taking up suitable projects at a favorable opportunity also with other partners.

(page 4 of original)

(Example: La Celulosa Argentina S.A., Juan PEREZ).

The negotiations with Mr. HUGER who will arrive in Germany at the beginning of November, are to be concluded. He is also to be consulted concerning the imminent negotiations with the Haterasso-Konzern in regard matters, and with Dr. HUBERS.

A report is made on the further course of the matter of Dr. FRANK, Buenos Aires (possible participation by the Industrials).

The subject of naval-gun-ammunition and possible establishment of an agency in Brazil for government orders will be taken up with the authorities concerned after the arrival of Dr. HUBERS.

The quick dispatch of assistants to the I.G. Verbindungsbeamten in the more important South American Countries is an urgent necessity. Apart from this it is also desirable that with regard to the projects of industrializations, suitable Technicians should also be sent to South America for a longer stay.

In view of the political situation in Latin America, reference is again made to the necessity for extreme caution in correspondence with our agencies.

7) Wirtschaftsberatung

Mr. OSTO reports that today in a discussion at the Reich Ministry of Economics under the chairmanship of President FIEBEL, the rayon manufacturers have been ordered to establish an export Syndicate for rayon.

The next two sessions of the Commercial Committee will take place on

Friday, 11 November 1938, 9.30 a.m., at Berlin NW 7, Unter den Linden 82

and

Friday, 9 December 1938, 9.30 a.m., at Frankfurt/Main, Gruneburgplatz.

Berlin, 10 October 1938

Dr. Kr./Sa.

15/38.

aid. Von SCHUTZLER aid. KUNIGER.

TRANSLATION OF DOCUMENT No. NI-6077
CONTINUED

CERTIFICATE OF TRANSLATION

26 June 1947

I, Monica WELLMOOD, Civ.No. E 00525, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of the original document No. NI-6077.

Monica WELLMOOD
Civ.No. E 00525

TRANSLATION OF DOCUMENT NO. HI-1137
OFFICE OF CHIEF OF COUNSEL FOR WAR
CRIMES

I. G. BERLIN SO 36

(Stamp:) Received: 8 Nov. 1937

To the Legal
Department, Farben
I.G. Farbenindustrie A.G.
FRANKFURT am MAIN, 20

(Translator's Note; Handwritten):
Attention of Dr. Luopfer

Your Fil. Ref Your letter of: Our Reference: Day
v.l./h. 22 Oct. 1937 Legal Department 8 Nov. 1937

Subject:

Handling of confidential correspondence with foreign
representatives.

We wish to thank you for the file Note of 28 May 1934 sent to us with your above mentioned letter and to advise you that we have decided to discontinue the form heretofore used for E.G.-Letters (Translator's Note: Koppe Geheim Briefe (Folger Secret letters), and to cover confidential business letters in the correspondence with our representatives as outlined in the memorandum referred to above.

The individual agencies will probably be orally informed, during visits which our local officials will pay to them or while foreign executives are present in Berlin.

For your information we are sending to you enclosed a copy of a file memorandum on the proposed future handling of such business letters.

Legal Department

(Translator's Note: (signed) D. BRISSIANN
Handwritten notation:
To be brought to the attention of
Herr. Fwb. Winkl after his return

1 enclosure
of Photo-Europe

Berlin, 5 November 1937

File Memorandum

Subject: Handling of confidential business incidents in
correspondence with European representatives.

Effective immediately, the previous method of using E.G.-letters (Translator's Note: Koppe Geheim Briefe (Folger Secret Letters) will be discontinued. Consequently, E.G.-letters are being eliminated for our correspondence with agencies as well as in the reversed sense.

TRANSLATION OF DOCUMENT NO. PI-1137
CONFIDENTIAL

Confidential letters will in the future be sent with an plain white paper, with the date (without indication of location) in the top right hand corner and a consecutive number in the left hand corner. This number will enable the receiver to check on the receipt of all confidential letters without break. The address and signature of the firm will be eliminated.

These letters will be marked merely with the signature of the respective Chief of the Legation, or the Black Leader, on the original and one carbon copy which will remain here (in more important cases the signature will be that of the department head). The Black leader will collect the confidential letters in an unbroken sequence of numbers and keep them in a special folder.

Mailing to foreign officials will be handled by Berlin, together with the ordinary daily business mail to agencies (in collective envelopes) - but in special white envelopes which are plain and do not state the contents. The envelope thus merely shows the address of the receiver.

When mail from Berlin is being opened by agencies these special envelopes are to be retained to the addressee at once. As a rule, the letter will open Berlin will himself. Should the confidential communication deal with matters which call for further action, possibly, they will have to be made available to other employees in the agency, the receiver will be held to express the contents of the letter in a file note of approach form in the language of the respective country, and he must pass it on to the respective reference or coding firm. In regard to confidential letters from Berlin must be immediately destroyed by the receiver. Even in cases when confidential communications discuss matters which are merely to be brought to the attention of the addressee, or of the foreign business firm, it is indispensable that the respective letter be destroyed after it has been read. There is no objection to the receiver's making brief notes on the letter personally and in suitable form. This must be done in a timely manner, however, that it does not imply an indication on the part of the private correspondent, or a connection with same. In other words confidential business letters from Berlin must not be kept in the agency's office or in the addressee's home.

Likewise, in the future confidential communications from agencies to us can no longer be dealt with by the foreign officials in combination with the official correspondence but must be covered by private letters to the Black leader, on white plain paper. Copies should be made only when special persons call for it; to be kept - as long as they will be needed - in the residence of the sender. Right hand top corner: the date (without indication of location); upper left hand corner the consecutive number; no address and no signature of the firm but only the signature of the sender. To be filed together with the other business mail to Berlin but in a white special envelope without indication of sender, stating merely the address of the receiver (black leader).

The individual agencies are now to be informed in writing of this modification but they are to be informed orally from case to case, incident to visits abroad; or incidental to the visit of one of the foreign agents in Berlin.

(sig) BMBWA

CERTIFICATE OF TRANSLATION

I, HERMAN C. MURPHY, AGO No. X-46355, hereby certify that I am thoroughly conversant with the English and French languages; and that the above is a true and correct translation of Document No. NI-1137.

HERMAN C. MURPHY
U.S. Civilian
AGO No. X-46355

TRANSLATION OF DOCUMENT No NI-4842
OFFICE OF CHIEF OF COUNSEL FOR I. & E. GEIMES

LEGAL DEPARTMENT JAMES

Frankfurt - Main, 19 September 1939
Dr. E/Z.

To the members of the Lyestuff Committee:

Director Dr. v. SOESITZLER
Director Dr. TER MEER
Director K.R. GIBEL
Director Dr. WALTER
Director Dr. KUGLER
Director KESLER
Director v. BREYER
Director HOPPE
Dr. LOSER
Director Dr. OVERHOFF
Prokurist PAST
Director SCHAB
Director VOIGT
Director WEIGANDT
Dr. VINGLER, Leverkusen

Subject: Discussion of the undersigned with Herrn BREEM (Napro)-
(Napro Maatschappij tot Bevoordering) in Amsterdam on
13 September 1939.-

Overseas cable communications from Frankfurt/Main will remain open. For the time being there is furthermore still the possibility of corresponding with all overseas offices, particularly via Italy. Should this communication line be cut, liaison-offices would have to be introduced in neutral countries. The following methods can be considered here:

- 1) Confidential correspondence which has so far been sent from one person to the other, e.g. from Herrn Director Dr. OVERHOFF to Herrn MARQUARDT: These letters must be written in Frankfurt, but as from another place of origin, for example Amsterdam. The letters must not be signed by Director Dr. OVERHOFF, but only initialed by him in the left hand corner. Then the letters will be sent to Herrn BREEM of the Napro. He in turn will select several trustworthy private individuals in Holland, who will then put their own signatures to any such letter and place it into an envelope on which the name of the respective Dutch agent will be given as sender. The letter

(page 2 of original)

itself must not be written in German but only in English, Dutch or in the language of the country of destination. Herr BREEM will give us the names of suitable persons. He will see to it that the confidential agents know as little as possible of the contents of the letters and in no case receive a copy.

- 2) Normal business letters cannot be sent through the medium of private persons, as this would not appear plausible. Here, adopting the same methods as above, shipping firms or other Dutch firms should be used which have added to their firm's names the term "Handels-Maatschappij", a term widely used in Holland. Herr BREEM will find out which firms are suitable for this. Herr Director

TRANSLATION OF DOCUMENT No NI-4842
CONTINUED

(page 2 of original cont'd)

LUDWIG is to be asked to name suitable shipping firms. The paper factory "Atlas" can to some extent also be used.

as soon as the necessity for such a re-direction of correspondence arises, it is requested that you will contact the undersigned.

LEGAL DEPARTMENT FOREIGN
signature:

CERTIFICATE OF TRANSLATION

June 17, 1947

I, Annetta Wallach, 20101, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of the document No NI-4842.

Annetta Wallach
No. 20101

"SJD"

- 2 -

111

I.G. Farbenindustrie Aktiengesellschaft
Management Department Chemicals
Office Overseas Export Aid

Pfm., 2 Nov. 1939

-/EM

6 Nov. 1939

Strictly Confidential

No. 2

File in special folder
No. Confidential Circular Letters

To Department Chiefs

Subject: Cover addresses

After it had been agreed with various overseas representatives, periodically to change the cover addresses, above all for the shipment of goods, but in part also for correspondence, we have given you, in the last weeks, in a number of cases various cover addresses for individual countries. Since this has resulted in confusion in the communication of the cover addresses, we present to you today in the attached list a survey of the present state of the cover addresses valid until further notice, namely

- 1.) for the shipment of goods,
- 2.) for correspondence.

In November we shall again send you supplements, and reserve to ourselves the right to send you at the end of November another survey similar to the present one, for the cover addresses which are then valid.

MANAGEMENT DEPARTMENT CHEMICALS
Office Overseas Export Aid
signed ?

Enclosures:

(page 2 of original)

Enclosure 3)

Confidential
Cover Addresses for Shipments of Goods

Argentina:

Sr. Egenio A. Forloni,
Buenos Aires/Argentina

Brazil:

Srs. Ernesto Guimarães y Cia.
Rio de Janeiro, Brazil.

Srs. Ernesto Guimarães y Cia.,
Santos/Brazil.

Bolivia:

(Although for Chemical
Exports no shipments
for time being)

Sr. Juan Valverde Figueroa,
La Paz/Bolivia.

TRANSLATION OF DOCUMENT H.W. 3644
CONTINUED

(page 2 of original document)

Chile: Sra. Yvruy Hermanos,
Casilla de correo 129 D,
Santiago de Chile/Chile

Columbia: Sr. J.F. Gonzalez,
(although for Chemical Apertado Aereo 4112,
Sparto no. 4112-1010
for this being) Bogota, Colombia

Peru: For Harbor Salaverry
Soc. Importadora del Peru Dr. Taboada
Casilla 110,
Lima/Peru

For Harbor Callao
Soc. Importadora del Peru Dr. Taboada
Casilla 2219,
Lima/Peru

Uruguay: Sr. Juan Rodriguez,
Montevideo/Uruguay

Sr. Julio H. Sosa,
Montevideo/Uruguay

Venezuela: Sr. M. Salazar,
La Guaira/Venezuela

Mexico: Sr. Benjamín Carrera,
Calle raya 56,
Mexico, D.F.

(page 3 of original)

Cuba: Machinery and Chemical Supply Co., Inc.,
Apertado 2412,
Haber/Cuba
(Tel. Adr.: Mecbimical Habana)

Spain: For Barcelona:
Cia. Comercial Combalia Sagrera,
Barcelona

For Bilbao:
Sr. Domingo Guitan,
Alameda de S. Barrodo 8
Bilbao

For Ispayas:
Sra. Soledad de Manuel Comara y Cia.
Ispayas.

(page 4 of original)

Enclosure D)

Confidential

Copy Addresses for Correspondence

Addresses of senders

Carillo Brun, Via Luigi Galvani 12, Milano
A.S. Bianchi, Via Marsala 11, Milano
Sr. Luigi Consolini, Via Brera 8, Milano
Societa Galvani, Casella Postale 3355, Milano
Desiderio S.A., Casella Postale 3356, Milano
Dominica S.A., Casella Postale 3354, Milano.

Addresses of recipients

Argentina:

Sr. Mario Williams,
Casilla de correo 739,
Buenos Aires/Argentina

Brazil:

Sr. B. Ernesto Guimaraes,
Rua Cileste de Toledo 29,
Sao Paulo/Brazil.

Bolivia:

Sr. Juan Valverde Figueroa, (Tel. Addr.:
Casilla 654, Valverde,
La Paz/Bolivia La Paz)

Chile:

Sr. Erasmo Aranda
Casilla de correo 2909
Santiago de Chile/Chile

Colombia:

Sr. H.T. Gonzalez,
Apartado Aereo 4112,
Bogota/Colombia / America del Sur

Sr. Roberto Gonzalez
Apartado nacional 364
Medellin/Colombia - America del Sur

Sr. D. Lamiante,
Carrera 3 A No. 238
Bogota/Colombia - America del Sur

Peru:

Sr. Dr. Theodoro Taboada,
Casilla de correo 229,
Lima/Peru

Uruguay:

Sr. Mario Williams,
Casilla de correo 739,
Buenos Aires, Argentina

(page 5 of original)

- Bogota: Sr. M. T. Gonzalez,
Apartado aereo 4112,
Bogota/Colombia - America del Sud
- Mexico: Sr. Alfonso Aguilar,
Apartado Postal 7294,
Mexico D.F.
- Cuba: Machinery and Chemical Supply Co. Inc.,
Apartado 2412
Habana / Cuba
(Tel. Inter. Mechanical - Habana)

(page 6 of original)

I.G. FACHINDUSTRIE AKTIENGESELLSCHAFT Pfm., 9 Jan. 1940
Management Department Chemicals Ho/r.
"Oficio Overseas Export Aid"

Strictly confidential!

Circular Letter No. 36a
to Department Chiefs

Subject: Cover addresses for correspondence with South America.

With reference to our circular letter No. 2 of 2 Nov. of last year we send you attached hereto a survey of the present state of the cover addresses valid until further notice.

Please ask us in each particular case for the cover addresses applying to the shipment of goods.

MANAGEMENT DEPARTMENT CHEMICALS
"Oficio Overseas Export Aid"

signed ?

Enclosure

(page 7 of original) Strictly confidential!

Cover addresses for correspondence

- Argentina: Sr. Antonio Gomez,
Casilla de Correo 2270,
Buenos Aires/Argentina
- Brazil: Sr. D. Ernesto Guimaraes,
Rua Cidreira de Toledo 29,
B Santos/Brazil.
- Sr. D. Ernesto Guimaraes & Cia.
Caixa postal 2104,
Rio de Janeiro/Brazil.

TRANSMISSION OF DOCUMENT No. ME-3644
CONTINUED

(page 7 of original cont'd)

Bolivia: Sr. Juan Valverde Figueroa, (Tel. Addr.:
Casilla 634, Valverde,
La Paz / Bolivia La Paz)

Chile: Sr. Erasmo Aranda,
Casilla de Correo 2909,
Santiago de Chile / Chile

Colombia: Sr. M. T. Gonzalez,
Apartado Aereo 4112,
Bogota / Colombia / America del Sur

Sr. Roberto Gonzalez,
Apartado nacional 364,
Medellin / Colombia / America del Sur

Sr. P. Sarracino,
Carrera 3. No. 2/30,
Bogota Colombia - America del Sur

Peru: Sr. Rinaldo Piana,
Casilla 1996,
Lima / Peru

Sr. C. Romani, (Tel. Addr.:
Casilla 1/81, Romani, Lima)
Lima / Peru

(page 8 of original)

Uruguay: Sr. Antonio Gomez
Casilla de Correo 2270
Buenos Aires / Argentina

Venezuela: Sr. M. T. Gonzalez,
Apartado aereo 4112,
Bogota / Colombia - America del Sur

Mexico: Sr. Alfonso Aguilar,
Apartado Postal 7294,
Mexico D.F.

Cuba: Machinery and Chemical Supply Co. Inc.,
Apartado 2412,
Havana / Cuba
(Tel. Addr.: Mechanical - Habana)

TRANSLATION OF DOCUMENT No. NI-8644

CONTINUED

CERTIFICATE OF TRANSLATION

3 September 1947

I, HERBERT ROSECK, No. B 397499, hereby certify that I am a duly appointed translator for the German and English languages and that the above is a true and correct translation of the document No. NI-8644.

HERBERT ROSECK, No. B 397499.

END

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TRANSLATION OF DOCUMENT NO. NI-1130
OFFICE OF CHIEF OF COUNSEL FOR WAR CRIMES

Rough copy of circular letter 1b
Ambassador MORAHT

18 August 1941

By messenger

Police Headquarters IX b 2331

Highly Confidential

Dear Herr TERHAAR,

With reference to our discussion today, I am sending you herewith a copy of the projected note concerning our wishes about the firm's correspondence with overseas. I would be very grateful to you, as I said, if you would bring your influence to bear confidentially on the individual firms of your Konzern on the lines indicated by us.

With kindest regards and

Heil Hitler

Your obedient servant

signed MORAHT

Marginal note:

(illegible initial)

Attached is

carbon copy

of the note

To Herr Dr. TERHAAR
Politico-economic Department
I.G. Farbeindustrie A.G.
Berlin
Unter den Linden 11.

Illegible signature

ERRATA SHEET

Page 1 on top, of the translation of document No. NI-1130
should read:

Rough-copy of circular letter lb 18 August 1941
Ambassador MORANT

Trade Political IXb 2331

by Messinger

Highly confidential

.....

Page 1 signature should read:

(stamp)
Ha Pol IXb 2497/41

Heil Hitler
Your obedient servant
signed MORANT
(illegible initial)

1) Herrn

Dr. Terhaer
Politico-economic department
I.G. Farbenindustrie A.G.

(Stamp)
Forwarded 19. Aug 1941

Berlin
Unter den Linden 82

2) for the time being to the files

H - 24 - 4 - 1rg.

Errata sheet prepared by:

JCHE J. BOLL
U.S. Civilian
AGO No. A-444412

*END-

Case 6
after Dec. NI-8646
Dec. file. 48 (2/6)

TRANSLATION OF DOCUMENT NO. NI-1130
CONTINUED

For the files
to Police Headquarters IX b 2351

Note

Many firms still tend, according to the experiences submitted here, to leave out of consideration the viewpoint that the enemy, or the neutral conscription in league with the enemy, also reads their correspondence. It is probable that, just now, after our newspapers have dealt in detail, and are still partly doing so, with the proceedings of the Bolivian Government against our ambassador in La Paz, the confiscation of German courier baggage in Argentina and many encroachments on the part of North America against the Spanish-American States, they will give full rein to their indignation in letters to their private or business friends and speak their minds unfavorably, concerning the internal political (constitutional or administrative) conditions of the state in question, will talk of corruption and USA-bondage or express the wish that they may one day be able to discipline these states in the German way. Such remarks must at all events be discontinued now.

The important thing is that we furnish the USA no material for the assertion that Germany is preparing an attack in South and Central America through subversive activities (5th column etc.) The German firms should therefore say nothing in their letters to South and Central America which could in any way let the conclusion be drawn that we intend to stage anything military or

(page 2 of original)

to step out of our reserve on the basis of our philosophy of life through meddling in the internal conditions of the individual Spanish-American States. Insofar as the purpose of the correspondence necessitates communications which might be wrongly understood by the censor, the firms must send their communications via the Foreign Office.

CERTIFICATE OF TRANSLATION

7 June 1947

I, Siegfried TAUBER, Civ., No. A-443 415, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of the document No. 1130.

Siegfried TAUBER
Civ., No. A-443 415.

119a ✓

(page 3 of original)

I, Justus SAUER, of Leonberg/Wuerttemberg, Stuttgarter Str. 26, after having been warned that I render myself liable to punishment if I make any false statement, hereby declare on my oath, without being subjected to any duress, the following:

Reporting: I.G.-Verbindungsleiter.

As far back as before 1936, the Central Finance Department of the I.G. NW 7, known as Zefl, had appointed Zefl-confidential agents (Vertrauensleute) at important places in foreign countries; whose task was to keep Zefl continually informed on banking and currency affairs in the countries in question. In addition these agents transmitted from time to time general information reports, on the basis of which an idea of the general situation in the individual country could be obtained. I, personally, had been stationed in Shanghai/China with the D.S.M. Krauch & Co. until 1936, working for the I.G. (nitrogen sales) and in the spring of 1936 I was transferred to Berlin to take charge of the I.G. Asiatic interests in general, within the framework of East-Asia committee.

After Dr. ILGNER returned from his journey to South-America in 1937 (?) he submitted to the Vorstand an account of the impressions he had gained and suggested a more rigid concentration of the I.G. foreign agencies after the pattern of the I.C.I. (Imperial Chemical Industries, London). This proposal was turned down, because the majority of the Spar-

to-leaders favored a de-centralized organization. The Commercial Committee (K.A.) was founded, however, to decide where necessary on I.G. questions of a general character, and the former secretariat II (S II) appointed as the Office of the Commercial Committee (B.D.K.A.), under the direction of H. SCHWARTZ, who was called up in 1939 and, who was, unfortunately, killed in action. At the same time it was agreed to deal with the increasing volume of general questions, affecting all the various sales organizations, at a so-called representative conference (V.F.), in foreign countries also. In most cases the former Zoffi-confidential agents (Zoffi-Vertrauensleute) were appointed as heads of these representative conferences under their new name of I.G.-Verbindungsmannner.

initial S

(page 4 of original)

The representative conference met at least once a month, in later years more frequently, and submitted minutes with general recommendations and suggestions which, were then sent to the members of the Commercial Committee via the B.D.K.A. Office of the Commercial Committee, and decided upon in the Commercial Committee. Apart from these general minutes the I.G.-Verbindungsmannner forwarded from time to time so-called situation-reports. Before being dispatched, these reports were generally checked over on the spot with the other members of the representative conference, some of whom had been sending similar reports to their sal-

es departments in Germany for a number of years. One of the tasks of the representative conference consisted in the distribution of the reports. The reports often gave rise to criticism, because they were either too short or too involved, too frequent or written at too long intervals, depending on individual or journalistic talent and on the need for self-assertion. To achieve uniformity in this kind of reporting, the I.G.-Vertrauensmänner were provided with a specimen-report, and instructed to report once in a month. I do not possess a copy of this specimen, but the following were the main points

General situation
Political situation
Economic situation
Currency and financial situation
Imports and exports
Industrialization
Competition.

The object of these reports was to give the leading personalities of the I.G. current information on the situation in the countries in question, in addition to the ordinary sales reports, thus enabling them to pass, whenever necessary, resolutions which affected the I.G. as a whole (for instance: currency problems, maintenance of stocks, imports of bonded goods, furthermore the establishment of and participation in chemical industries, etc.)

TRANSLATION OF DOCUMENT NO. N I - 6646
CONT'D

(page 5 of original)

The B.d.K.A. (Office of the Commercial Committee) received about 10 to 20 of these situation reports each month. In several countries (for instance in Switzerland) there was no I.G.-Verbindungsmann. In spite of frequent admonitions, some I.G.-Verbindungsmänner failed to produce such reports because they alleged that they were overworked.

The general tendency of the members of the Commercial Committee was to limit as much as possible the distribution of these reports. It was just this reporting which frequently gave rise to divergencies of opinion, since the Sparte-leaders maintained that this task was putting an additional, unnecessary burden on the shoulders of those of their representatives who were acting as I.G.-Verbindungsmänner. The management of the I.G. office at Berlin NW 7 attached considerable value to these reports. Each report was accompanied by a distribution list drawn up by the Commercial Committee. This schedule was changed many times in the course of years. Ordinarily, the reports were circulated to members of the Vorstand, the Commercial Committee and the T.L. (Technical Committee ?) and to a number of Konzernleiter and later on to some sales-department-chiefs also. Within the I.G. office at Berlin NW 7, all main departments of the NW 7 office (with the exception of the "Zwischungstelle", since this department constituted a certain competition) received the reports regularly. Some departments, such as the Economics Departments

and the Political Department, received several copies; now and again additional copies were asked for by the departments. The B.d.K.A. (Office of the Commercial Committee) had no knowledge of who, in particular outside the I.G. NW 7 Office, received such reports from time to time, since the maintenance of contact with all German official authorities was the duty of other departments. As far as I was able to judge, the passing on of these reports to quarters outside the I.G. NW 7 Office was more a matter of personal relation of the referent in question, and the desire on his part to secure thus some information in return.

Some of the situation reports, which I usually read, were written and compiled fairly well and in an interesting way. The contents however, were very often out of date or had already made known by other telegraphic news services, by the time the reports finally reached the addressee. I cannot remember having read a single report which could have supplied some German military officers with really interesting news. From about 1939 or 1940 onwards the political part too was omitted at the request of the Commercial Committee, in order to obviate any difficulties for the I.G.-Verbindungsmänner abroad, because nearly all reports through the censorship.

(page 6 of original)

The contents of the reports, of course, changed to some degree after the outbreak of war. There was less to report on certain points and others were treated more fully. The general pattern which had been agreed upon remained unchanged, however.

TRANSLATION OF DOCUMENT NO. N I - 6646
CONT'D

It happened occasionally that some of the addressees desired more detailed information about certain points mentioned in the reports. The nitrogen syndicate, for instance, once asked for more exact details of the reported arrival of goods in Spain (Siloso?) from rival companies, after news of this had been given by the I.G.-Verbindungsmannner.

I have carefully read through and signed personally each of the four pages of this affidavit and have made the necessary corrections in my own handwriting and countersigned them with my initials, and I declare herewith under oath that in this statement I have told the full truth to the best of my knowledge and belief.

signature: Justus SAXER

Sworn to and signed before me this 20th day of March 1947 at Leonberg by Sr. Justus SAXER, known to me to be the person making the above affidavit.

signed: Otto VERBER

(OTTO VERBER)
U.S. Civilian A. 444385
Interrogator
Office of Chief of Counsel for
War Crimes
US. War Department

(page 7 of original)

I, Justus SIKER, Leonberg/Wittg., Stuttgarter Str.26, having been cautioned that I render myself liable to punishment if I make any false statement, herewith declare the following under oath, without being subjected to any duress: -

News Service of the Information Bureau N° 7 (formerly Press Department).

It was the responsibility of the Information Bureau to keep the management of the Konzern informed on all data published in German or foreign newspapers which was connected with I.G., furthermore to exercise influence on the German and foreign press with a view to bringing press reports into line with I.G. policy, and to serve as a central agency for conducting advertisement propaganda. With the same end in view, the Information Bureau was in contact with all important German and influential foreign newspapers, even before the outbreak of war. By these means, it obtained a great deal of material, which it distributed to all internal I.G. offices in the form of a News Service, at regular intervals, approximately twice a month. At one time, the reports collected by this News Service were arranged according to raw materials involved, subsequently according to business firms and countries. Owing to shortage of paper, this service was temporarily discontinued during the war, but was resumed in the later part of the war, as far as I remember. I do not know the system according to which

the information was distributed. In any case, it was made available to many more offices within I. G. than was the case with the situation reports of the I. G.-Verbindungsmänner. I presume that it was also submitted in part to Government offices. Pursuant to a trip, to South-East Europe, undertaken by Dr. PASBARGE, the Chief of the Information Bureau, in 1943 or 1944, it was proposed to the Information Bureau through the intermediary of the B.d.K.A. (Office of the Commercial Committee). However, the I. G.-Verbindungsmänner considered this work as an unnecessary additional burden. As a matter of fact, cuttings of this type were sent out for a few months and from a few countries only (advertisements by rival firms), business reports, prices of raw materials, rate of exchange schedules etc.).

Initial: B

(page 2 of original)

Reports of a particularly confidential and secret nature were sent, at first, to Dr. ILGNER exclusively, and he, on his part, gave instructions in each case, indicating the small selected circle within I. G. to which the material was to be circulated.

Reporting from Turkey.

Dr. von FLURGE, who had been in the East before the war and was an attache to Dr. UNZ in Istanbul during the war, reported constantly, almost daily, on problems concerning raw materials, which were only of partial interest to I. G. It was only rarely that the B.d.K.A. (Office of the Commer-

cial Committee) received reports of a general nature on the political, economic and financial situation in Turkey. At first, the reports went by mail, later on via a special courier service and therefore exempt from censorship, probably to a special agency in the Foreign Office.

Roumania.

The reports from I.G.-Verbindungsmann KUEGLER, in Bucarest, went forward by mail at first and later on, after the German troops had marched in, via an army post address of Dr. KUEGLER's straight to the I.G. office in Berlin NW 7, thereby being subject only to German military censorship.

Blockade shipments from East Asia and financial settlement.

On instructions of the Ministry of Economics, several German business firms were active in Japan, China and Siam, purchasing urgently needed raw materials. Among others, there were some I.G. offices involved, particularly in connection with purchases of metal (tungsten, tin), of which I.G. stood in particular need.

The purchases in East Asia were made in accordance with special directives of a special plenipotentiary (Sonderbeauftragten) of the Ministry for Economics, a Mr. VOIGTH ?, who was stationed in China most of the time and determined the quantities and price limits, directed the storage and then personally supervised the loading of the blockade runners. As far as I am informed,

initial: S

TRANSLATION OF DOCUMENT NO. N I - 6646
CONT'D

(page 9 of original)

payment was made directly by the Ministry of Economics, through the embassies concerned; I am to remember that from time to time on instructions of the Reichsbank, I.G. agencies turned over to the embassies amounts which were subsequently reimbursed in Reichsmark to the I.G. office in Berlin NW 7.

The I.G. agencies probably did not directly finance any metal purchases, in view of the fact that distribution of incoming goods was made to the respective Reich offices in Germany - the merchandise being paid for by the business firms in Reichsmark - and that I.G. could not itself run the heavy shipping risk involved.

I have carefully read and personally countersigned each of the three pages of this affidavit, have made the necessary corrections in my own handwriting and countersigned them with my initials, and herewith declare under oath that in this statement I have told the full truth, to the best of my knowledge and belief.

signature: Justus SAXER.

Sworn to and signed before me this 20th day of March 1947 at Leonberg by Mr. Justus SAXER known to me to be the person making the above affidavit.

signature: Otto VERBER
US. civilian A 444385
Interrogator
Office of Chief of Counsel
for War Crimes - US. War Department.

A F F I D A V I T .

I, Justus SAXER, of Leonberg near Stuttgart, after having been warned that I render myself liable to punishment if I make any false statement hereby declare on my oath voluntarily and without being subjected to any duress, the following:

As a supplement to my declaration of 20 March 1947 I should like to depose the following:

The office of the Commercial Committee, (handwritten addition: of which I was in charge from 1939 onwards), and which received the reports from I.G.-Verbindungsmänner regularly and was generally supposed to be the Central Office for all reports from abroad, was also entrusted with the distribution of these reports which were of a general nature. Another of the offices, which received these reports, was the Political Economy Department, of which the Counter-Intelligence Officer of the I.G. Office in Berlin NW 7 was a member. I know it was one of the duties of the Counter Intelligence Officer to maintain contact with the competent offices of the High Command of the Armed Forces, and to pass on to them reports which he considered to be of interest. I cannot give the date on which this submission of reports began, since I only learned later on during the war that such a practice existed, but I know that during the war it happened frequently that a number of copies

TRANSLATION OF
DOCUMENT NO. N I - 6646 CONT'D

of various reports were asked for subsequently, as the Counter Intelligence Officer had not received a sufficient number of copies for distribution in the first place. The reports were passed on in this way at the request of Dr. Max ILKER, I recall that during the war certain Verbindungsleute of the I.G. or other leading personalities coming to Germany from abroad were invited to the High Command of the Armed Forces to make reports. In this connection it must also be mentioned that many I.G. representatives travelling to certain countries were instructed by the High Command of the Armed Forces to report on certain matters on their return. These events were based on the fact that the I.G. office in Berlin NW 7, by offering such assistance, hoped to obtain in return from the High Command of the Armed Forces advantages with regard to its personnel policy, i.e. this policy was proposed to the High Command of the Armed Forces by the I.G. office in Berlin NW 7, in order to obtain just the above mentioned advantages.

initial: S

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I have carefully read through and signed personally each of the 2 pages of this affidavit and I have made the necessary corrections in my own handwriting and countersigned them with my initials, and I declare herewith under oath that in this statement I have told the full truth to the best of my knowledge and belief.

Justus SAXER
(signature)

TRANSLATION OF DOCUMENT NO. NI - 6646
CONT'D

Sworn to and signed before me this 18th day of April 1947
at Muerberg, Germany, by Justus SAXER, Leonberg, bei Stutt-
gart, known to me to be the person making the above affida-
vit.

(handwr. signature:) Otto VERBER

OTTO VERBER
US. Civilian, AGO # A-444386
Office of Chief of Counsel for
War Crimes, US. War Department.

CERTIFICATE OF TRANSLATION

June 23, 1947

I, Monica Wellwood, E 00525, hereby certify that I am
thoroughly conversant with the English and German languag-
es and that the above is a true and correct translation of
the document No. NI - 6646.

MONICA WELWOOD
E-00525

TRANSLATION OF DOCUMENT No. NI-7081
OFFICE OF CHIEF OF COUNSEL FOR WAR CRIMES

" D E F A G " Shanghai, 21 October 1939
Deutsche Farben-Handelsgesellschaft
Waibel & Co.
Subject: O.A. Conference of sales
representatives.

Stamp: Illegible.....30 Dec 39, No. 31
 " 30 " 39. " 75

No.56

To Herr Kommerzienrat Hermann W a i b e l
Frankfurt a/Main 20

Dear Mr. Waibel:

Shortly before and after the outbreak of the war we have had various meetings here at which the safeguarding of our funds and merchandise were discussed in particular, as well as the loan agreement with the Hongkong and Shanghai Banking Corporation. No minutes of these discussions, however, were kept.

Quite apart from these meetings, a lively exchange of ideas with the various sales offices existed, which was concerned mainly with the following topics: preparatory provisions (Vordeckungen); methods to transfer funds; linking transactions (Linkgeschäfte); Hongkong warehouses (Hongkong-Läger); also with postal and telegram communications with our branches in the South and South-East.

I am enclosing a "Report about the Political Situation", written by Dr. Haase on the basis of his conversations with important personages during his present stay in Shanghai.

With German greetings!

(Signature) Hildebrandt

H-C enclosure

Files

Dr. WILHELM HAAS

Shanghai, 18 October 1939

I.G. Farbenindustrie Aktiengesellschaft

Liaison Office Peking

Report about the Political Situation.

The political picture of the Chinese conflict is being more and more determined by efforts for a re-establishment of peace. Besides the attempt - already extensively dealt with in my preliminary report - to reach a formal settlement of the conflict by means of the formation of a new Central Government headed by Wang Ching-wei - there is a lot of diplomatic activity going on which continuously feeds the rumours lately circulating amongst the public about impending peace negotiations. Simultaneously with peace feelers from the Japanese camp, and, with Japanese backing for the anti-government party originating from the circles of the Chinese National Government, the signs are on the increase that the government of Chang Kai-shek deems the time to be propitious to extend peace feelers. The Central Government, through its Minister of Foreign Affairs Wang-Chung-hui, has for the first time and cautiously pointed the way to possible peace negotiations through the mediation of the United States. Otherwise, all peace rumours are being rejected angrily in Chungking, such as for instance the report that T.V. Soong had brought peace proposals to Hongkong back with him from a visit to Chungking and the rumour about the secret visit of Prince Konoye to Hongkong, and finally the press report that Germany would try once more to mediate between the parties. However, one should not underestimate the significance of the reports ^{that} on the part of the English and Americans, influence is being exerted on the National Government in the spirit of a general cleaning-up of Chino-Japanese relations. In this connection the trip of the British Ambassador to Chungking, where for the time being, the American Ambassador is staying also, deserves special attention. For the first time, a trip by a British Ambassador to the capital of the National Government is not accompanied by the customary distrust and vague suspicions

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of the Japanese, and the first reports about peace discussions of the ambassador with the Chinese statesmen were reported by the official Japanese news agency in Hongkong. Only a few months ago the Japanese described the British Ambassador as the most hated Englishman and "Ambassador at Large of China".

The change in Anglo-Japanese relations in the last few months is the most significant phenomenon in the present political situation in the Far East. More acute antagonism in Europe had caused England to adopt a more conciliatory attitude towards Japan already in July when the Tientsin conflict was discussed in Tokyo. It was primarily expressed by a fundamental recognition of the British of the situation actually created by the superiority of Japanese might in North China. In consequence of the British giving way some real points in dispute regarding the British concession in Tientsin were settled, and finally, the British yielded step by step to Japanese demands concerning a reduction of British forces in China by withdrawing 5 gun boats from the Yangtze River. On the Japanese side, where sharp anti-British propaganda and aggressive measures against British interests hamper the preparing of a way towards a general understanding with England, the conclusion of the German-Russian Non-Aggression Pact gave rise to a gradual change of course. It commenced with the release of the Military Attaché of the British Embassy in China, Col. S p e e r, who had been detained for several months, it became further apparent in a relaxing of the tense atmosphere surrounding the discussions about the extra-territorial rights in Tientsin and Shanghai, in the settling, without any ado, of the conflict concerning the international settlement in Kulongou, in the obvious abating of the anti-British campaign in China, especially in the North, and its sudden cessation in Japan proper, and it found its strongest expression in the withdrawal of Japanese troops, drawn up at the border of the Hongkong area. A further easing of the tension is to be expected according to the opinion prevailing in official Japanese circles by the impending lifting of the blockade against the British and French concessions. -

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The need for a new course of Japanese-British relations becomes therefore apparent on both sides. If British diplomacy succeeds to still pave the way for an understanding between Japan and China by influencing Chungking, then it would comply thereby with the essence of Japanese demands against England, which is hidden behind the formula: "Abandonment of moral support for the Chiang Kai-shek regime in its fight against Japan." One is inclined to believe that England, with the aim of consolidating her position in the Far East, would gladly contribute her position as mediator, in the case of a general settlement of the Chinese conflict, as a dowry to a new alliance with Japan.

In order to estimate the chances of the present peace efforts, one has to examine first of all the situation concerning domestic and foreign affairs of the two countries at war, from which one can deduce the degree of their willingness to come to an understanding.

To begin with, as far as Japan is concerned, we can safely assume that the Japanese government, in complete agreement with the army, considers the liquidation of the Chinese conflict as the most pressing task of Japanese politics. The Prime Minister, General Abo, as well as the newly-appointed Commander-in-Chief of the armies in China, General Nishio, have stated unequivocally that overall politics should be adapted to the requirements for the establishing of a "New Order in Asia". From the conduct of Japanese policy in the last few months it is to be concluded that the establishment of the "New Order" is only deemed feasible if the conflict were at least nominally settled.

The hopes to bring about the collapse of the Chinese National Government purely by military means, and to force it to accept a peace dictated by Japan, have not been fulfilled. A last attempt to force a military decision by annihilating the shock troops of Chiang Kai-shek, which, supposedly, were concentrated in the area of Changsha

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collapsed in bloody battles after initial successes which took the Japanese troops as close as 20 miles to Changsha. The battle field is in the hands of the Chinese. The success of the National Chinese arms is not minimized in its importance by the fact that the victorious issue of the battle is due to the fact that the commanding Kwangsi Generals acted against the orders of the High Command and continued to fight on their own until victory was reached. The speaker of the Japanese army in Shanghai, who at the beginning of the battle spoke of a large-scale Japanese offensive, denied after the failure that the Japanese High Command had ever intended to take Changsha. The battle proved that the military might of the National Government has recovered from the set-backs suffered previously and that it is ready now for new campaigns. On other fronts, too, Japanese advances have only been moderately successful.

One may assume perhaps that the Japanese High Command not only hoped for an increasing readiness for peace on the part of Chungking had the offensive been successful but that in addition, they also expected a visible military success - after an inactivity of almost 10 months which was interrupted by limited actions only - to have, above all, the effect of a camphor injection, of which the Japanese people, disappointed in their expectations, have need from time to time. Of course, the situation regarding Japan's domestic and foreign affairs make such an encouragement appear especially urgent. Public opinion in Japan felt the conclusion of the German-Russian Non-aggression Pact to be an embarrassing defeat of Japanese foreign policy. The cabinet headed by Hiranuma was forced to resign. The composition of the new cabinet of General Abo reflects the loss of prestige which the army had suffered; for it advocated with great perseverance the demand for a transition from the anti-Comintern Pact to more active ties on the part of Japan with Germany and Italy.

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The influence of the Navy which favours a speedy liquidation of the war with China, on the other hand, has gained in strength. Besides the Navy Department Admirals were appointed to take over the Foreign Office and the Ministry of Economics. The ambassadors Shiratori in Rome and General Oshima in Berlin, both of whom have the confidence of the army and advocates of a military alliance, have been recalled from their posts. The inner political situation of Japan must continue to be viewed as an extremely unstable one. The rebellion of officials of the Foreign Ministry against a cabinet decision, by which the old plan for the transfer of economic diplomacy into the new Ministry of Foreign Trade was to be carried out, gave the Abe-Cabinet a severe jolt. Just as in February 1936, when the government then in power negotiated in a typically Japanese fashion with the rebellious officers - instead of suppressing the revolt with a strong hand - the cabinet Abe as well, set out to negotiate with the rebels, with the result that the Ministry of Foreign Trade will take shape, but that diplomatic prerogatives of the Foreign Ministry shall nevertheless be maintained even for the sphere of foreign trade to the fullest extent.

The shifting of the center of gravity in the inner political distribution of power, disadvantageous to the influence of the army, does not permit one to expect a stabilization of the government's position in the near future. The activism of radical military circles which already became noticeable during the past few months in connection with the great decisions of foreign policy, and which, according to rumours, found expression in plots against leading elder statesmen, such as Yuasa, Makino and Matsudaira, the father in law of Prince Chichibu, and former ambassador to London - all of whom favoured a policy of cooperation with the Anglo-Saxon powers - threatens to explode afresh. The disappointment of the nation concerning the progress of the China-conflict remains, in spite of the admirable discipline of the Japanese people, a source of danger for the state, and especially for the reputation of the army responsible for it.

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It is not only the prestige of the army, however, which urgently requires an early conclusion of the China-venture which would in some manner be commensurate to the hardships endured. The recent shape of the world-political picture in connection with the outbreak of the European war, takes place at a time when Japan has no liberty of action because of the war with China, when her economic forces have, by virtue of having been subordinated for years to military necessities, been pushed from the channels of natural and healthy development, and the extraordinary strain on her financial resources dating back to the year of the Manchuria conflict, which during the war with China has forced the national debt to dizzy heights, renders the problem of reserves for coming tasks more and more acute. With the notice of termination of the commercial treaty by the United States, becoming effective in February 1940, the possible consequences of which give rise to serious concern, Japanese policy has but a brief period of time to terminate the Chinese conflict, unless it wishes to run the risk that with European shipments being suspended in consequence of the war and also vital imports from the United States endangered the foundations of Japanese industrial economy would be shaken. Finally, the desire is getting stronger and stronger among Japanese industrials to take the fullest advantage of the chances which the European war offers to Japan's foreign trade, and with it a recuperation of her entire economy, and thus to recover at least part of the costs of the Chinese war.

Viewed as a whole, all components of Japan's political, military and economic situation point to the necessity of liquidating the Chinese conflict. The urgency of the task which thus confronts Japanese politics, lead one to expect an increased readiness to compromise, which render the prospect of the chances for a progress of peace efforts more favorable, provided they meet with a corresponding readiness on the part of the Chungking Government.

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The lack of agreement amongst the leaders regarding the way to realize their political aims, however, must be considered an absolutely uncertain factor in the speculation. The concentrating of the armies in China under the supreme command of General Nishio and Chief of Staff (formerly Minister of War) Itagaki - both of whom exponents of the group generally known as the Kwantung Army, did indeed eliminate the conception that the Kwantung Army was as a special political faction, but has as yet not proved that a uniform line of action has been established either within the army itself or by the army in cooperation with the government, concerning the course of action to be taken. The lack of an authoritative central power on the part of the Government which at times evokes the impression that anarchical conditions virtually exist continue to be a serious threat to any resolute action of Japanese politics.

Reports from unoccupied China leave no doubts, on the other hand, that the situation within the realm of the National Government must also be considered quite unstable. Inner-political squabbles often based on jealousies^{of} military commanders but at this time founded on deeper reasons such as the fight for a decisive influence the direction of politics, the war and finances, do not exclude the possibility of surprises. Economic life is suffering more from the effects of the currency deterioration than from war, blockade and difficulties of communications. Symptoms of inflation become apparent. The rise in prices of imported goods together with the increase of wages are threatening the price structure for domestic merchandise as well. Facing the State expenditure swollen by the demands of war, there is a shrivelled income because of reduced customs and tax receipts, so that the government's financial requirements must, to a growing degree, be satisfied by printing notes. The supply of capital suffers by the tightening up of the domestic and foreign loan market. Despite more severe measures of control

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the flight of capital to Shanghai for the purpose of temporarily converting it into foreign currency has reached considerable proportions.

Under these conditions, very limited funds only are available for constructive work. They are primarily used for the improvement of the lines of communication. Industrial development apparently has somewhat slowed down due to lack of capital and difficulties concerning imports. Agriculture enjoyed a record harvest in 1939, assuring the people's food supply. The agricultural credit and production cooperatives also show a favorable development.

The total picture of the political, financial and economic situation of Nationalist China in spite of a straining of all her resources, does not permit us to conclude that her power of resistance would not be equal to the tasks of a third year of war. An agricultural and artisan structure assures the country of an economic power reserve which would be difficult to touch. The advantages of the great spaces make the strategic prospects appear rather favorable. The military power of resistance has been proven by the success of the Chinese arms in the battle of Changsha. Of significance too, is the re-organization of the Chinese Air Force, carried out with Russian aid, which went into action not only to repulse Japanese air-attacks on cities within the Chinese National area but also participated in repeated attacks on Hankow by Chinese bombers. Finally all reports agree that the moral resistance of the Chinese people is unbroken thus establishing, now as before, the most important basis for a continuation of the war.

The position of the Chungking Government within the framework of foreign policy is hardly such that it urges it towards a particularly speedy adjustment of the conflict with Japan. It can expect that the harassed state of Japanese policy would strengthen Tokyo's readiness for a compromise and weaken the position of such elements of the Japanese army who are resisting a settlement acceptable to China. The conclusion of the German-Russian Non-Aggression Pact

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is looked upon as aggravating Japan's position. The diplomatic situation in the Far-East is expected to feel the acute repercussions due to the outbreak of the European war. In particular China is facing a changed attitude of British policy. The interest of not only England but also of the USA in an early far reaching cleanup of the Chinese conflict has become a political reality for China. However, diplomatic advances of the British Ambassador in Chungking are still met with reserve by the Central Government. Chiang Kai-shek, for the time being, evaded a discussion with the Ambassador by going to Chengtu and left the discussions of any eventual proposals for a British mediation to Foreign Minister Wang Chung-hui and the Minister of Finance, H.H. Kung. Chungking is accommodating itself to the circumstance of the expected British-Japanese agreement and England's inability to grant further financial and material aid in consequence of the war by changing their political attitude towards Russia and by specially cultivating relations with the USA. Wang Chung-hui's recent statement on the possibility of the intervention of the USA in the Chinese conflict intimates this. Since, however, Chiang Kai-shek is willing to accept mediation by the Anglo-Saxon powers only if it is not carried out solely at the expense of China, it is expected that the attitude of the National Government will continue to be a hesitant one and will be accompanied by ^{a move towards} extending their relations with Moscow. The arrival of the new Soviet ambassador in Chungking and the presence of the British and American ambassadors is sure to cause some heightened diplomatic activity within the next few weeks which will be of vital importance to the political picture not only of East Asia but to the world.

From the point of view of the National Government the main difficulty which it is facing in a settlement of the conflict with Japan may be found in its attitude towards Russia. An understanding with Japan without Russia's agreement

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would not only rob China of Moscow's support but she would also have to face the danger of the communist wing detaching itself and paving the way for a Russian influence in the North-Western provinces. It is, however, not to be expected that Russia will create difficulties if a comprehensive understanding were reached between China and Japan, provided such an understanding would result in a clear demarcation of Russian and Japanese spheres of interests in China. England on the other hand, which would hardly appear to be interested in a Japanese-Russian agreement on China, would strive for a general cleanup of the conflict without any interference by Russia. With regard to Japan finally it appears doubtful whether those who are for a far-reaching settlement with Russia will be able to overcome the resistance expected to be put up by the army. Apart from the Japanese army's traditional Anti-Russian attitude, the heavy blow suffered at Nomonhan on the Manchurian-Mongolian border is apt rather to influence them in the direction of an increased preparedness against Russia. It may be mentioned here that Japanese political circles in Peking recently expected that a Japanese-Russian Non-Agression Pact would be concluded, though, of course, this ~~does~~^{not} entitle us to conclude that Japan is fundamentally ready to reach an understanding with Russia.

Summing up it may be said that the question of settling the China conflict appears less to-day of a Chinese-Japanese affair than one of the great powers directly interested i.e. Japan, Russia and England; these may be joined by the USA who, with special stress, pursue a policy which apart from aiming at a reestablishment of China's independence, wants to safeguard American rights and interests in China. The rivalry between British and Russian diplomacy will be the centre of interest.

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After what has been said, it is doubtful whether these controversial political interests permit already at present of a general cleanup of the Chinese conflict. In the event an understanding with China fails to materialize, Japan, as the party chiefly interested in an early settlement, will therefore face the alternative of pursuing a policy of partial settlement, such as has already been initiated by the intended setting-up of a new Central Government under the direction of Wang Ching-wei. After Chiang Kai-shek had recommended his adversary to commit suicide as the only way out for his "treasonable activity" and Wang Ching-wei, in a speech surpassing all limits, had characterized the marshal as an ambitious dictator who did not even possess "the least degree of moral and ethical qualifications of a normal human being", there is no longer any basis for the hope once entertained by the Japanese that Wang Ching-wei will prove a suitable medium for an understanding between Chungking and Tokyo.

If, on the basis of a new Central Government in Nanking, an understanding with Chungking can no longer be reached, there remains but the attempt to form a Government without and against Chungking, supported by the Japanese occupation regime and to hope that, by virtue of a progressive appeasement, it will be firmly established among the Chinese nation. At the present time, however, Wang Ching-wei himself considers the chances for the success of such a policy to be only slight, which can be seen from the fact that the formation of the new Central Government, which the Japanese military authorities had intended to set up by the 10 October, has been postponed again for the second time indefinitely, but has been put off until at least the beginning of next year. The reason for this new postponement is not to be found in the lack of support alone for the "orthodox" Kuomintang among the Chinese people,

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CONTINUED

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but also in the differences of opinion between Wang Ching-wei and the Japanese concerning the degree of political power to be given to the new government. Discord and indecision seem to prevent Japanese politics from energetically pursuing the possibilities afforded by Wang Ching-wei's fundamental willingness to cooperate. Only the generous granting of sovereign rights to the Chinese people would give the new Central Government the chance to raise itself above the level of the ridiculous status of the regional Governments of Peking, Nanking and Hankow, which are able to survive only under the protection of Japanese arms.

(Signature) Dr. Hans

DrH/H-C

"End"

CERTIFICATE OF TRANSLATION

I, Ursula Rudmann P.M. 41513 hereby certify, that I am thoroughly conversant with the English and German languages, and that the above is a true and correct translation of Document No. NI-7081.

17 July 1947

Ursula Rudmann
P.M. 41513

G. G. Farber

NO.

NO.

VI

XXXXIX

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Engl.



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COUNT I.G.

PAPERS CARRIED ON PROPAGANDA INTELLIGENCE AND
SPIONAGE ACTIVITIES.

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|----------------|-----------------|--|-------------|
| | NI-1317 | File memorandum of 18 January 1940 by Reithinger (VOVI) concerning report on Roumania. | 1 |
| | NI-9828 | Affidavit of Max Uns of 14 August 1947 concerning his activities for I.G. in Turkey. | 3 |
| | NI-6418 | Excerpts from a Commercial Committee meeting on 5 November 1937 in which it is stated that v. Flaegge is to visit the Orient and report on Iran, Iraq, and Syria after coordination with the Foreign Office and the Ministry of Economics. | 6 |
| | NI-5732 | Minutes of a Mail Meeting of 5 October 1937 in which it is stated that Neubacher has received a special mission for Czechoslovakia and is to proceed more cautiously. | 8 |
| | NI-5746 | Minutes of a Mail Meeting on 7 December 1937 in which Gattinera reports that Koppler has requested information compiled by Neubacher. | 12 |
| | NI-9558 | Report by Werner Lising (I.G. Verbindungsman of Chile) together with a transmitted letter dated 4 March 1941 concerning Chile and the European conflict, U.S.A. propaganda, La Plata Conference, Internal Politics of Chile, Economy and Industry of Chile, Chile/U.S.A. Relations, etc. | 15 |
| | NI-9556 | Excerpts from a report for September/October 1941 by Heinrich Homann (Verbindungsman of Argentina) containing information about situation in Argentina and its relations to the U.S.A., and a letter of transmittal from the Commercial Committee dated 20 November 1941. | 19 |



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| | NI-9550 | Excerpts from report by Werner Sioring concerning military aviation plans in Chile; and a letter of transmittal from the BdEA dated 22 March 1941. | 24 |
| | NI-9557 | Excerpts from report by Heinrich Ekmann dated 21 March 1941 containing information regarding exports to the U.S. for the use of the U.S. Army; and a letter of transmittal from the BdEA dated 22 April 1941. | 26 |
| | NI-9552 | Excerpts from a report by Heinrich Ekmann dated 28 May 1942 containing information regarding disposition of rubber crop and decisions of meeting of Inter-American Defense Commission; and a letter of transmittal from the BdEA. | 29 |
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| | NI 9555 | Excerpts from report by Heinrich Ekmann of 18 September 1942 containing information regarding types of Argentine exports to U.S. | 36 |
| | NI-9559 | Excerpts from report by von Humboldt (I.G. Verbindungsmann in Mexico) dated 15 August 1941 containing information regarding relations between U.S. and Mexico on the mining industry in Mexico; and a letter of transmittal from the BdEA dated 6 October 1941. | 37 |
| | NI-9562 | Excerpts from report by Werner Sioring of September 1941 containing information about military affairs; and a letter of transmittal from the BdEA dated 11 November 1941. | 40 |
| | NI-9563 | Excerpts from report by Werner Sioring of 8 October 1940 containing information about civil aviation; and a letter of transmittal from the BdEA dated 11 November 1940. | 43 |

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| | NI-10922 | Report of 21 February 1944 by the Embassy of the U.S.A. in Buenos Aires to the Secretary of State concerning espionage activities in Argentina. | 50 |
| | NI-4671 | Affidavit of Rudolf Diels of 30 January 1947 in which he states that Ilmer offered the services of his foreign news agency to the Secret State Police in 1933. | 58 |
| | NI-8160 | Affidavit of Wilhelm Mann of 22 April 1947 in which he states that on request of Kettner, reports from abroad of a general nature were transmitted to the Abwehr (Intelligence Division of the OKW). | 60 |
| | NI-10419 | Affidavit of Albrecht Focke of 22 August 1947 in which he describes the function and activities of the Economic Intelligence Office of the OKW. | 62 |
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| | NI-6648 | Affidavit by Christian Schneider of 18 April 1947 in which he describes the transmission of reports by I.G. to the Intelligence Department of the Abwehr and his appointment as chief of the I.G. Abwehr agents. | 72 |
| | NI-6647 | Affidavit of Christian Schneider of 18 April 1947 in which he describes in further detail the transmission of information to the Abwehr. | 74 |
| | NI-1333 | Excerpts from minutes of a Mail Meeting of 6 October 1940 in which announcement is made of Schneider's appointment as Chief of the I.G. Abwehr agents and of v.d.Heyde's and Diekmann's appointments as Abwehr agents in the commercial and technical fields respectively. | 77 |

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| | NI-8515 | Letter of 23 September 1938 from Reichsgruppe Industrie to Economic Group Chemie requesting that firms inform technical experts working abroad not to transmit observations through the mail, but by word of mouth or through highly confidential messages; and letter of 15 October 1938 by Economic Group Chemie to the Security Service of I.G. transmitting this request for necessary action. | 84 |
| | NI-7796 | Letter of 4 May 1939 from Dielmann to I.G. Farben, Sparte I, a copy of which was sent to Krauch and Jarak of the OKW Military Economy Staff, in which he reports about the construction and production potentials of two new British ammonia plants built for the British War Office. | 86 |
| | NI-7365 | Secret file memorandum in the Office of the Military Economy Staff of OKW dated 2 May 1939 concerning an interview with Dielmann of I.G. in which Dielmann states he has knowledge about all new British ammonia plants and reveals information about future war-time measures in these plants. | 90 |
| | NI-1163 | Letters dated 1 September 1942 and 4 September 1942 between v.d. Heyde (Abwehr agent in Frankfurt) and v.d. Boy (Abwehr agent in Bitterfeld) concerning procurement of aerial photographs of British factories for the Luftwaffe. | 92 |
| | NI-5813 | Minutes of a meeting of the Vorstand of 25 September 1941 in which it is noted that Schneider made reports to the Vorstand concerning Abwehr activities. | 95 |
| | NI-6491 | Letter of 12 February 1944 from Schneider to Director Kuschke of Leverkusen in which he invites Kuschke to attend a discussion between the Intelligence Division of the OKW and the technical and commercial people in charge of I.G. concerning cooperation and submitting intelligence from abroad. | 98 |
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| NI-3804 | Letter of 3 April 1940 from Schnitzler to v.d. Heyde in which he refers to a conversation with Major Bloch concerning the use of the Company for Sales Promotion which is "all suited for this kind of intended camouflaged action". | 104 |
| NI-5950 | Excerpts from minutes of a Commercial Committee meeting of 17 April 1940 in which v.d. Heyde reports on collaboration of German industrial enterprises including I.G. outside of Germany in the assignment of employees abroad, and Mann and other present agree that Schnitzler is to take necessary steps for future central administration of this problem. | 105 |
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| | NI- 650 | Letter of 13 April 1943 from Bloch of the OKW to Schnitzler in which Bloch thanks Schnitzler for his cooperative assistance and requests continuation of such cooperation with his successor; letter of 17 April 1943 from Schnitzler to Bloch in which Schnitzler states it will be an honor to continue such cooperation with Bloch's successor. | 141 |
| | NI- 7627 | Correspondence in March 1943 between Piepenbrock (of the OKW) and Schnitzler in which Piepenbrock thanks Schnitzler for his personal and official collaboration and hopes that his successor will have the same collaboration, and to which Schnitzler replies that he and his colleagues have always considered it to be an honor to cooperate. | 143 |

TRANSLATION OF DOCUMENT No. 11-1417
OFFICE OF CHIEF OF GENERAL STAFF

No.: DR 3007
Strictly confidential

No.: Dr. Krueger

Stamp: 10 January 1940

Memorandum for the Files

The Romanian General Boalin, close friend of the King, is to come to Berlin this week. He brings with him a letter of introduction from Mr. Hoeb to Dr. Krueger.

As the situation in Romania, Dr. G., who was in Kronstadt and Bucharest between Christmas and the New Year, reports that the situation has deteriorated to an extraordinary degree. The Russian reverses in Finland have exercised an amazingly strong influence on public opinion, and the Romanian officer corps is not inclined to believe, in total disregard of the several factors which have decisive influences in the Russian reverses in Finland, that should the Russians invade Bessarabia, the Romanian Army could be in the position to overcome it. During his last tour of inspection to Bessarabia, the King stated in a speech that any invasion of Romanian territory would immediately constitute grounds for a declaration of war. At the same time the army of General Ionescu in Syria, the strength of which is to be increased to 900,000 men, is also looked upon as a strong rear-guard in case of need. It is believed that this army represents support for Romania, either indirectly by an attack on Russia's Southern frontier against the Caucasus Mountains or directly by a landing in Constantza.

Moreover the members of the Romanian Trade Delegation who returned from Rome stated that they had been told in Italy that, should Russia attack Romania, Italy could give it the same support as it had formerly given to Spain.

The political situation at home is depicted as extremely tense, as the equipment, supply system and accommodation provided for the Army is wretched in view of prevailing winter conditions and the men are laboring under great difficulties in the recent cold weather. The morale of the Army is said to be very low and numerous cases are said to have occurred in which, as a result of the lack of supplies of food and equipment, Romanian soldiers are dying of cold or committing suicide.

The Peasant Party under Ibaniu and Michaloescu no longer exists officially, but is nevertheless still important as an underground movement.

(page 2 of original)

It is thought possible that Ibaniu would like with the help of foreign powers, to create an autonomous state of Siebenburgen.

As to foreign policy, we are at present encountering considerable difficulties as far as Hungary is concerned too, and we should be glad if a modus vivendi could be established with Hungary, even at the expense of making small territorial concessions. The opinion of many circles is that the situation necessitates intervention and that mediation between Hungary and Romania and between Russia and Romania would in no way be frowned upon by Germany.

TRANSLATION OF DOCUMENT No. 111-1317

CONTINUED

(page 2 of original copy)

War is expected in spring and it is also expected that, should the Allies land in Constanza, the Rumanians would take no action. Apart from the preparations to be made in the oil-field areas, the cliffs at the Iron Gate (Sisernas Bar) must be prepared for demolition.

In summing up it must be said that it appears that Rumania has, during the past few weeks taken no definite steps towards the enemy camp.

END OF REPORT

Signature: illegible

5 January 1940
Dr. R/D.

CERTIFICATE OF TRANSLATION

4 September 1947

I, BRUCE C. BASS ICK, No. D 427459, hereby certify that I am a duly appointed translator for the German and English languages and that the above is a true and correct translation of the document No. 111-1317.

BRUCE C. BASS ICK, No. D 427459.

AFFIDAVIT

I, Max U N Z, Frankfurt on Main, Fritz Reuterstrasse 28, having been warned that I shall render myself liable to punishment by making a false statement, hereby depose on oath of my own free will and without coercion:

In 1919 I became an agent for the Dyestuffs Factories, formerly Friedrich BAUER and Co. Leverkusen, for Smyrna and the Hinterland (Turkey). After the amalgamation of the individual dyestuffs factories of what was later the IG Farbenindustrie, I remained a general agent of this Konzern for the same area. I retained this agency, from which the Branch for Pharmaceuticals was later separated, until the end of the conferences between Turkey and Germany, that is until 2 August 1944. In 1929 I changed my private place of residence from Smyrna (Izmir) to Constantinople (Istanbul) as the centre of activities in the new Turkish state had meanwhile shifted there. From 1929 onwards I then represented only the firm of Agfa Berlin, an enterprise of the IG Farben Konzern, and then only photography and artificial silk. In 1934/35, on the death of the former agent, I became agent for the IG Farbenindustrie Frankfurt on Main also, for the sale of dyestuffs and chemicals, at the same time taking over the agency for the Nitrogen Syndicate, Berlin. I held this post as long as trade relations were maintained. In 1935/36 I became representative of the IG Farbenindustrie Berlin for the handling of projects of the chemical industry in Turkey (Turkish Five Year Plan). The term of this post was also for as long as trade relations were maintained. I was unquestionably the second most important agent in Turkey. By virtue of this employment I am in a position to make the following statements:

1. By virtue of my employment as an agent I regularly sent in reports to the Centers in Frankfurt and Berlin. As I am very experienced in the sphere of economics, these reports were in the main comprehensive in content and were concerned with the following subjects: Turkey's economic position in relation to the surrounding countries or those

(page 2 of original)

with countries/which Turkey had economic relations, industrial projects, competitive activity (state of the market, arrival of special packages etc.) political prospects with regard to economic development. I cannot say with certainty how these reports were handled by the Berlin and Frankfurt centers. I remember, however, that Dr. Kurt KUHNKE called my attention to the fact, on a visit to Berlin in 1936, that I should make no political comments in my reports, as the IG would otherwise have to expect unpleasantness from the other side.

2. On a visit to Berlin N W 7 in 1936/37 a Herr BLOCH was introduced to me on the occasion of a dinner. He wore civilian clothes and I did not realize at the time that he held a military post. From the manner of the introduction I gained the impression

(page 2 of original cont'd)

that he was someone in industry. In the course of conversation he questioned me on the new Turkish Five Year Plan, on which I had precise information in the textile sphere. I had gained knowledge of this plan because, as well as being agent for IG Farben, I was agent for a textile machine Konzern in Saxony. It occurred to me in the course of conversation that BLOCH asked particularly intelligent and technical questions on the Five Year Plan in the textile sphere and was not interested in rumour, but in facts.

3. During the period of Herr von PAPPEN's service as German ambassador in Turkey, it happened that he personally, as well as the trade department of the Embassy protected me and my agency against any attack from other offices. At the beginning of the war I started to associate with the economic department of the Embassy, as at this time German trade policy was constituted on a compensation and clearing basis, and all transactions between Turkey and Germany could be carried out only with the approval of and by means of the authorities. From this situation it ensued that the Embassy laid claim to my connections with Turkish economy, for example I carried out

(page 3 of original)

negotiations for the Embassy on the compensation trade in skins, furs, fish and opium and I was also at the disposal of the Embassy otherwise for the distribution of information on Turkish economic relations.

4. After my return to Germany I was taken into custody by the Reich Head Office of Security in Vienna because of my connection with people who were in close contact with the Kaiser Circle, in connection with the affair of 20 July. In this connection it should be mentioned that my connection with these people was extremely slight. I remember that in this connection Admiral GANSMIS and Colonel PIENKNEBCK were named amongst my friends and the matter in question was that these people amongst others had contacted Herr Wilhelm von FLUEGGE in Turkey.

5. Herr Kurt von LEISNER was in active association with von PAPPEN in Turkey. I knew nothing of any connection with IG. As far as I was informed, it was Herr von LEISNER's task to look after and promote Turko-German relations and to give them the support of his name which was known in Turkey because of his activity in the last World War and in the German Peace delegation in Versailles.

6. I remember that I was telephoned from Berlin at the beginning of the war, as to whether I could accommodate Herr Wilhelm von FLUEGGE in my house in Turkey. I answered in the affirmative, and Herr von FLUEGGE did in fact come to Turkey.

TRANSLATION OF DOCUMENT No. NI-9828
CONTINUED

(page 3 of original cont'd)

I have carefully read through a copy of the three pages of this affidavit and countersigned them with my own hand, have made the necessary corrections in my own handwriting and countersigned them with my initials, and herewith declare on oath that to the best of my knowledge and belief I have stated the absolute truth

(page 4 of original)

in this affidavit.

Signature: Max UNZ
Signature

Sworn to and signed before me this 14th day of August 1947 at Nuernberg, Germany, by Max U N Z, Frankfurt/Main, Fritz Leuterstrasse 28, known to me to be the person making the above affidavit.

Signature: Ctfr. Verber
CTFV VERBER
U.S. Civilian, JOC-Nr. 444 385
Office of Chief of Counsel
for War Crimes
U.S. War Department.

CERTIFICATE OF TRANSLATION

3 September 1947

I, PATRICIA E. C. WOOD, STC No. 20139, hereby certify that I am a duly appointed translator for the German and English language and that the above is a true and correct translation of the document No. NI-9828.

PATRICIA E. C. WOOD
STC No. 20139

Memorandum on the 4th meeting of the Commercial Committee on Friday,
5 November 1937, at 9.30 in the morning, in Berlin NW 7, Unter den Linden 82

Present: Mr. von Schnitzler Chairman

Mr. Krueger

Mr. Michlen

Mr. Mueller

Mr. Oster

Mr. Otto

Mr. Waibel

Mr. Weber-Andreac (during items 1a,b,c,2,3,4)

also part of the time

Privy Councillor Schmitz (during items 1a,b,6,7 and
10a,f,z).

1) Report of the Office on the tasks assigned to them by the Commercial Committee.

a) Mobilization question (H-Frage)

The matter is fully discussed. There is agreement regarding future procedure. Dr. von Schnitzler undertakes, together with Dr. von Meer to clarify the collaboration between the Wirtschaftspolitische Abteilung (Political Economy Department) and the Vermittlungsstelle W in regard to this question.

b) Collaboration with the Organization (of NSB/P) abroad

The matter is discussed fully and will come up again for discussion at the next meeting of the Commercial Committee.

* * * * *

(page 7 of original)

9) Attitude of the firm during military training of employees

The Commercial Committee notes the directives explained by Dr. von Schnitzler, which will be followed in Frankfurt.

* * * * *

(page 9 of original)

* * * * *

c) Sponsorship (Patenschaften) for Young National Socialist Editors abroad

Dr. Krueger reports about a suggestion by Reichsleiter Aumann, the Fuehrer's confidential agent (Vertrauensmann) for the press, to name persons abroad, who are prepared and suitable to assist young editors, for whose training a stay of several months abroad is being arranged, with advice, information and introduction to the interested circles in the respective country.

The Commercial Committee agrees that the names of the following gentlemen be given, after obtaining the agreement of the competent sales-departments:

TRANSLATION OF EXCERPTS FROM DOCUMENT No. NI-6418
CONTINUED

(page 9 of original cont'd)

| | |
|----------------|---------------|
| England | Hotopf |
| Sweden | Lickfett |
| Norway | Pilling |
| Holland | Fritse |
| France | Passargo |
| | Raindro |
| Italy | Kluthe |
| | Weber |
| Czechoslovakia | Seetohn |
| Austria | Schiller |
| Rumania | Hoepfner |
| | Sonntag |
| Bulgaria | Hitter |
| | Peter |
| Yugoslavia | Tomaljonovic. |

.....

(page 11 of original)

.....

Berlin, 8 November 1937
Kr./Ed. 1/37

(signed) von Schnitzler (signed) Krugos

CERTIFICATE OF TRANSLATION

17 June 1947

I, A. MARTIN, No. E.00848, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of excerpts from document No. NI-6418.

.....
A. MARTIN, No. NI-6418.

Case 6
Aff. Doc. NI-9828
Doc. BK. 49 (6)

TRANSLATION OF EXCERPTS FROM DOCUMENT No. NI-5418
OFFICE OF CHIEF OF COUNSEL FOR WAR CRIMES

Memorandum on the 4th meeting of the Commercial Committee on Friday,
5 November 1937, at 9.30 in the morning in Berlin No. 7, Unterdon
Linden 82

Present: Mr. von Schnitzler Chairman
Mr. Krueger
Mr. Michlon
Mr. Mioller
Mr. Oster
Mr. Otto
Mr. Thibol

Mr. Weber-Andreao (during items 1a, b, c, 2, 3, 4)
also part of the time
Privy Councillor Schultz (during items 1a, b, 6, 7,
and 10b, f, g).

.....

(page 8 of original)

10) Various.

.....

b) Near-Eastern Journey / v. Flugge.

Mr. Krueger states that Herr v. Flugge has finished his report on Turkey and after agreement with the Foreign Office and the Economic Ministry, will now proceed on investigations in Iran, Iraq and Syria, similar to those he has carried out in Southern Europe and in Turkey.

.....

(page 9 of original)

.....

d) Allowances paid by the I.G. to Foreign Representatives for the purchase or use of German automobiles.

The question is discussed and will be further dealt within later meetings of the Commercial Committee (E...).

e) Sponsorship (Patenschaften) for Young National Socialist Editors abroad.

Dr. Krueger reports about a suggestion by Reichsleiter Armann, the Fuehrer's confidential agent (Vortragsmann) for the press, to name persons abroad, who are prepared and suitable to assist young editors, for whose training a stay of several months abroad is being arranged, with advice, information and introduction to the interested circles in the respective country.

The Commercial Committee agrees that the names of the following gentlemen be given, after obtaining the agreement of the competent sales-departments:

7a

(page 9 of original, cont'd)

| | |
|----------------|--------------|
| England | Hotopf |
| Sweden | Lickfott |
| Norway | Pilling |
| Holland | Pritso |
| France | Passargo |
| | Reindro |
| Italy | Klutho |
| | Uber |
| Czechoslovakia | Sobelm |
| Austria | Schiller |
| Roumania | Hespfner |
| | Sonntag |
| Bulgaria | Ritter |
| | Peter |
| Yugoslavia | Toujjanovic. |

f) Donations for Excavations in Arka (Mesopotamia).
The Commercial Committee agrees to a proposal being made to the Central Committee (Z.A.),

(page 10 of original)

that RM 2,000 should be placed at the disposal of the Deutsche Orient Gesellschaft for the excavations in Arka (Mesopotamia) for the industry's support of which Dr. Grobbe had specially intervened. The amount is to be remitted to the Deutsche Orient Gesellschaft via the Deutsche Orient Verein as "anonymous", in order to avoid the possibility of appeals by other similar projects which it has hitherto not been found possible, as a question of principle, to support.

g) Outside the Agenda.

Dr. von Schützler reports a request by the Deutsche Allgemeine Zeitung for increased subscription by I.G. Offices. The matter will be referred to the Office of the Central Committee (Z.A.Buero) for further handling.

Herr Otto requests, in this connection, that relations with the Scherl-Verlag might, as far as possible, have specially favorable treatment, as good relations with the Scherl-Verlag are very desirable in the interests of the film business.

11) Brazil Companhia Nitro-Chimica Brasileira, Sao Miguel.

Herr Maiböl reports that there exists a certain interest in bringing about contact of the above-named company with the Alianca Commercial de Anilinas Limitada, Rio de Janeiro, with a view to the sale through the alliance of the surplus quantities of nitric acid, sulphuric acid and hydrochloric acid manufactured by the Company.

Negotiations will be carried on in this sense.

TRANSLATION OF EXCERPTS FROM DOCUMENT No. NI-
6418 CONTINUED

(page 10 of original, cont'd)

12) Chile/Instituto Medico Federico Sanitas, Santiago de Chile.
According to Herr Weibull's report, influence is being exerted on the
above company to transfer their dyestuffs production to a new Chilean
Aktiengesellschaft to be founded, which should at the same time take
in the Max Fischer business (Bright Cover Colours). Amount involved
about R. 50,000. The interest of the Salos Combinos Pharmaceutika in
the operation of "Sanitas" is again being investigated. Herr Otto
states that he is not interested in rayon and Dr. Muller makes the
same statement in regard to plastics and explosives.

The next meeting of the Commercial Committee will take place on

Friday, 10 December 1937, at 9.30 a.m.

in Berlin St. 7, Unter den Linden 82.

The date for the January meeting will be fixed on 10 December next.

Berlin, 8 November 1937
Kr./Ed. 4/37

(Signed) von Schnitzler
(Signed) Kraeger

CERTIFICATE OF TRANSLATION

15 September 1947

I, A. MARTIN, ETO No. 20144, hereby certify that I am a duly appointed
translator for the German and English languages and that the above
is a true and correct translation of excerpts from the document No.
NI-6418.

A. MARTIN, ETO No. 20144.

Mail Conference Minutes No. 79

Management 5 Oct. 1937
Department
G/Ri.

Present: Frank-Pahl (Chairmanship)
Passarge
Helfort
Turbaer
Jacobson
Schwarze
Dihlmann
Rong (part of time)
Platzor
Gierliche (Recorder)
Schiller
Neubacher (part of time)

On the Agenda: Credit assistance for financing Söva transactions.
(in presence of Rong)

We have to place Lei 75,000,000.— by to-borrow at the disposal of Banca Romaneasca. The first plan was to enter into an obligation with Hambros Bank, according to which we would undertake temporarily to relinquish our rights to £ 50,000, this sum being part of the credit placed at our disposal by Hambros Bank, in return for which Hambros was to instruct Banca Romaneasca to pay the requisite sum. Since, if the occasion arose, Hambros would debit £ 50,000 to our account, this sum representing the equivalent of Lei 75,000,000.—, in other words, since we are in fact standing surety by employing this method, the mail conference is of the opinion that it would be more correct, officially to make an appropriate deposit as backing for the Lei credit which is to be made available to us.

Helfort suggested examining whether, by reason of our special permit (Sonderbescheid) which permits us to use

(page 2 of original)

free foreign exchange for the acquisition of Sospo Funds (blocked foreign currency), we would not be able to cover our requirements in Sospo-Funds, which amount to the equivalent of R. 100,000 in Lei per month, for several months in advance in order to make this sum in Lei temporarily available for financing the Söva transactions.

Rong is immediately to submit both these proposals to the Reich Office for Foreign Exchange and is to try to obtain the required permits.

A) Preliminary discussions of the Agenda for the Commercial Committee
Meeting on 7 October 1937

By means of the two Agendas as well as the two sets of minutes of the past meetings and the present Agenda, the program of the meeting on 7 October was discussed in detail and arrangements were made for the preparatory work which has still to be done.

(page 2 of original cont'd)

B) I. Management Department

1. Brazil-Assistant for Curitiba.

In accordance with the proposition by Lipo it was decided upon to ask the Central Committee to declare our readiness to share in the cost of the assistant's salary with R\$ 100.-- a month for a period of 2 years to begin with, provided a suitable chemist was found who would be willing to accept this position. So far, the efforts made in this direction by the various agencies have not with no success.

2. Uniform drafting of the reports on the activities of the departments.

Frank-Fahle asked the members of the Mail Conference to determine what suggestions could be made in order to standardise the Activity Reports furnished by the departments of the firm. This matter is to be dealt with once more, in the presence of Ilgner, during the Mail Conference in 3 to 4 weeks time.

(page 3 of original)

3. Collection and Consignments of Books.

In accordance with Ilgner's orders all donations and presents in connection with the Latin America journey are to be dealt with by do Haas who is responsible for cultural questions within the scope of the Foreign Section of the News Agency. It is to be understood that the Management Department is the responsible office for money to be raised for donations and therefore that Hachemann, who had been dealing with this matter, had only been deputizing for do Haas during the latter's absence.

4. Enquiry from the Central Committee- Colonial Veteran's Fund (Kolonialkriegerdank).

In reply to their enquiry addressed to Ilgner, an annual subscription of R\$ 3000.-- for 1937 is to be proposed to the Office of the Central Committee.

5. Ordering Stationery for the Vorstand.

II. Commercial Committee's Office.

1. Authorization and Introductions for Dr. Neubacher - Journey to Czechoslovakia (in presence of Dr. Neubacher).

On Frank-Fahle's enquiry, Neubacher reported that he had received his special commission for Czechoslovakia from Ilgner via Gattinoni, and that at an earlier date Krueger had also expressed a similar opinion. Neubacher stated in addition that he had been asked by Gattinoni to be available in Vienna during Geheimrat Boeck's presence there. Frank-Fahle asked Neubacher to proceed most cautiously with his activities while staying in Czechoslovakia, particularly in his dealings with official quarters and in this connection pointed out the special difficulties which arise in connection with activities in Czechoslovakia. He further asked Neubacher first to come back from Vienna to Berlin in order to discuss with Krueger once more and to prepare the journey together with the office of the Commercial Committee by arranging introductions to agencies and perhaps to other parties involved. Frank-Fahle will make reference to the intended journey at the meeting of the Commercial Committee.

the
journey
program

In this connection Frank-Fahle asked Neubacher always to forward copies of his letters

(page 4 of original)

to the various departments to the office of the Commercial Committee which acts as liaison office to people working for us abroad, in order to ensure better utilization of his activity.

2. Distribution of the minutes of Commercial Committee meetings as against the distribution of other I.G. minutes.

Schwartz suggested that the Management Department should ask the office of the Central Committee or Dr. Diebrog about the extent of the distribution of the Central Committee's or Working Committee's minutes. After receipt of the replies the distribution of the Commercial Committee's minutes is to be determined.

3. Report on the preparatory work of I.G. in Yugoslavia.

On Gierlich's suggestion consideration of this item will be postponed until Gattinoni's return.

III. Central Finance Administration

1. Barter Arrangements with France.

Dihmann gave an account of two existing possibilities of barter arrangements with France concerning iron ore and rubber. Only the rubber transaction is of interest to us. In spite of that, Dihmann wants to ask Director Muehlen to carry out the barter transaction half in iron ore and half in rubber.

Frank-Fahle asked that the long-term policy of the I.G. should be brought to the attention of Director Muehlen as it would be in keeping with it to carry out the barter transaction entirely in iron ore. Director Muehlen should be requested to give his approval to a 100 % iron ore barter transaction.

IV. Political Economy Department

1. "Foreign Trade under Compulsions".

Torhaar says that the booklet is favorably looked upon; it will be distributed by the Foreign Office in large numbers. It is intended to give them to our representatives abroad. Schwartz is charged with working out appropriate plans.

(page 5 of original)

V. Economics Department.

1. Collaboration of Agencies abroad in Memoranda of the Vwd (Economics Department), Correlation previous to Dispatch.

Frank-Fahle recapitulated his previous instructions to Vwd which stated that the Vwd - as far as this was possible in the time available - was to employ the assistance of the I.G. Verbindungsmann when dealing with tasks concerning specific countries, and if these were not yet available, to employ the heads of our agencies or to send them the Memoranda of the Vwd for the purpose of checking them prior to publication.

2. Employment of a Belgian as unpaid assistant - Enquiry by the German Academic Exchange Service.

Gierlich points out that on previous occasions it had been decided that the engagement of foreign unpaid assistants whose later employment is not intended, would not be considered.

(page 5 of original cont'd)

Nevertheless the application on hand is supported by Terhaar in view of the reputation of the applicant. He is first to examine the details of this case and then to report on them at the next Mail Conference.

VI. News Agency.

1. World Press Manual - Institute for the Science of Journalism.

Passarge recommends I.G. becoming a founder of the Institute for Journalism through paying an annual subscription of RM 300.—.

Frank-Fahle approves.

2. Yearbook for 1936 of the DAF Institute for Labor Research (Arbeitswissenschaftliches Institut).

Passarge submitted the Yearbook and drew attention to the great significance of this book in connection with the trend of development within the DAF.

First of all, the Vowl is to go through this book thoroughly, and then, at the latest at the beginning of January 1938, a report should be rendered on the contents of this book. Subsequently,

(page 6 of original)

it is to be decided how to present the information to the leading persons of I.G. Frank-Fahle asked that a copy be given to him so that he could go through it. In addition, Professor Solck's attention was to be drawn to this publication.

3. "Schwarzes Korps" (Newspaper).

The remarks in the "Schwarzes Korps" about including the Israelite creed on the wage tax slips refer to Ludwigshafen. It had been included as a result of a legal regulation in Bavaria, in accordance with which church taxes have to be collected by the employer and recitted. Dr. Weiss promised to leave out these particulars on the salary and wage forms in future.

Not on the Agenda. In Schiller's presence the present position of the negotiations with Skoda-Wetzlar as well as Neubacher's journey to Czechoslovakia were briefly discussed once more.

Frank-Fahle requested Schiller in future to participate in the Mail Conference whenever he was in Berlin. On those days the members of the Mail Conference were asked to place especially those items on the Mail Conference Agenda which fall within Schiller's scope of work.
signed: Frank-Fahle

CERTIFICATE OF TRANSLATION

1 July 1947

I, ARTHUR MACCARRA, Civ.No.20191, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of the document No. NI-5732.

ARTHUR MACCARRA, No.20191

Records of Daily Staff
Meeting, No. 86

Managing Department
v.M./Ri.

7 December 1937

Present: HIGER (temporarily)
KREUER
FRANK-FAHLE
LATTINGAU
PASSARGE
HELFERT
TIBBLE
LUGGASCH
SCHAFFER
KOSTER
v. HINSTER (Secretary of the Meeting)
DIRLANGE
RONG
PLATNER

A. Preparation of the Agenda of the K.A.-Meeting (Kaufmannischer Ausschuss-Commercial Committee) to be held 20 December 1937.

The individual points of the agenda are thoroughly discussed.

B. I. Managing Department.

2.) HEISSER/CLAUSS.

Herr Dr. HEISSER has asked that letters of introduction be furnished to Dr. CLAUSS, who is leaving for the U.S.A. at the end of December for the purpose of writing reports for several German papers. The Managing Department has been instructed to attend to this matter. Additional introductions through the V.O.S. are contemplated.

(page 2 of original)

FRANK-FAHLE suggests that Dr. CLAUSS be asked to call and take leave of HIGER and himself before his departure.

3.) Remarks to Minutes No. 78.

A file note of the Managing Department referring to HIGER's marginal notes to the above minutes is available.

4.) Donation for Chinese Students.

In connection with HIGER's suggestion to make additional funds available for the relief fund for Chinese students, over and above the donation of 100,000.00 which was proposed by Kammersekretär WIBEL in the K.A., it is stated that in the meantime a letter has been received from the Z.A. (Zentral-ausschuss - Central Committee) - bureau proposing that a donation of 5,000.00 be made to the German Red Cross in China.

(page 2 of original, cont'd)

5.) Prestige Advertising of the I.G. in Newspapers.

In this connection HONER intends to make the suggestion in the X.A. that no prestige advertisements be placed abroad, but only specific propaganda (Bayer, Agfa, etc.) be made. As far Germany, HONER is of the opinion that the placing of prestige advertisements should be done by the Z.A.-Bureau in co-operation with the information office.

(page 4 of original)

III. 5.) Tungchi University/Shanghai.

From a marginal note, made by HONER on a memorandum, it is noted that the data referring to the Far East is being collected according to countries, and is being regularly forwarded to Dr. BRITHGOT, Dr. v. TRPITZ and Dr. MANNER.

(page 5 of original)

V. 5.) -----

A.d.T.: GATTIEAU reports about a desire on the part of Herr KEPLER to have the figures compiled by Dr. NEUBACHER placed at his disposal. As there are no such compilations, GATTIEAU is to inquire whether Herr KEPLER is referring to Dr. NEUBACHER's reports, and if he wants to have these placed at his disposal.

VI. Economic Department.

1.) CRBP's Reports.

Report is made regarding the articles written by Herr CRBP since his return from Germany. With reference to the information furnished by us, PLITZER states that VOMI (Volkswirtschaftliche Abteilung, - Economics Department) only supplied generally known information.

Regarding the weekly Vomi-reports, PASSAGE points out in this connection that he cannot accept any responsibility for the contents of these reports, as they are not brought to his attention prior to their completion. PLITZER asserts that these reports are most carefully checked by Vomi regarding the falsifiability of reported matter, with full acceptance of responsibility.

(page 7 of original)

sgl.: HONER.

CERTIFICATE OF TRANSLATION

13 June 1947

I, Julia KERR Civ. No. 030 099, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of excerpt from document No. HI-5746.

Julia KERR
Civ. No. 030 099.

Siering

Santiago, 4th March 1941

Extract from an Economic Report on Chile,
January/February 1941

Chile and the European Conflict.

Roosevelt's address to Congress and the signing of the Lend-Lease agreement for aiding England have aroused intense interest in Chile and some anxiety lest the war after all might spread to the American continent. No official statement has been taken by the Chilean government. Nevertheless, in this connection, a declaration made by the recently appointed Chilean Ambassador Nichols on his arrival in Washington, deserves attention. The ambassador stressed the absolute adherence to the idea of continental solidarity on the part of the Chilean people. Chile is interested in associating herself with the defence plan of the Western Hemisphere. Referring to a pro-German attitude, said to have manifested itself in the south of Chile, the Ambassador made it clear that this was only confined to a small part of the population which is of German descent.

U.S.A. Propaganda.

With a view to fostering national relations and a better understanding, well-known journalists have been invited by the Ambassador to visit the United States. According to Mr. Nelson Rockefeller's plan, the American film industry too will play a larger part in the rapprochement among the American nations. It is said that several films will be taken in Central and South America.

La Plata Conference.

Also in Chile great interest is shown for the "Conferencia Regional del Plata" to be held from 27 January to 5 February (a.o.) with Argentina, Bolivia, Brazil, Paraguay and Uruguay participating, and to which Chile, Peru and the U.S.A. delegated observers only. The general attitude to the project of a customs union, however, is that trade under present circumstances must necessarily be on a Clearing basis, and that the failure to equalize trade balances between the individual South American countries is not essentially due to custom problems but more to lack of foreign exchange and inadequate market opportunities. A customs union in the future would be worth striving for, but at present would offer no solution for the urgent economical problems.

Chile is also much interested in the question of an outlet to the Atlantic for Bolivia, as the latter is experiencing considerable hardship since the Pacific war, no longer having direct access to the Pacific Ocean.

(Page 1 of original)
cont'd

Home Policy

The anti-communist campaign still continues. The Senate approved the project for the suppression of Communism. Due to strong military supervision, the congressional election on 2nd March passed off calmly everywhere. Results so far submitted again show a victory for the parties of the left.

(page 2 of original)

Senate: 24 leftwing and 21 rightwing. Chamber: 30 leftwing and 31 rightwing. In Chile there are at present 18 political parties.
3 Socialist Ministers, namely:

Salvador Allende (Minister for Public Health)
Rolando Orrego (Minister for Estate and Colonization)
and Oscar Schnack (Minister for Economy)

have resigned.

Seizure of Danish Ships.

In view of the existing shortage of shipping tonnage, the Danish vessels "Ynda", "Bel" and "Otto" lying in the port of Talcahuano were by Government Decree dated 15 February 1941 requisitioned for the duration of the war. The Danish shipowners will remain the owners of the steamers. Later they will receive a suitable indemnity for their use. The transfer of the vessels was carried out without undue incidents. Protest was lodged by the captains. The Danish Charge d'Affaires confined himself to making representations at the Chilean Ministry for Foreign Affairs, reserving the rights of ownership of the steamers. The requisitioning of the Danish steamers has called forth comments throughout the American countries approving the action.

Economy and Industry.

According to a statement by the Chilean Finance Minister, the state budget for 1940 closes with a deficit of about 120 millions Chilean Pesos due to difficulties in financing the increase of wages of civil servants, the army, etc. As from 1 January 1941 minimum wages were raised by 20% to meet the increased cost of living. Within two years the cost of living has increased by 50%. About one half of the U.S. credit of U.S. 12,000,000 of the Corporation of Production has been used principally for the financing of the electrification project. As to the remaining 5,000,000, orders will be placed in the course of the next six months. In spite of the quantities imported, Chile's requirements of cement have not been substantially alleviated. Recent supplies have been shorter and speculation greater than ever before, so that the distribution of cement will come under the

for Pro-
motion

(Page 2 of the original)
 cont'd

Standard of Living Commission. The yearly consumption is estimated at about 450,000 tons. Supplies from Argentina and Canada are to be considered.

Chile/J.P.A.

Also in Chile it is felt that the economic aid provided recently by the U.S. to the South American countries is taking on a different aspect in practice from that held out in Argentina. For instance, there is considerable disappointment because part of the credit of \$12,000,000 to the Import and Export Bank is not to be used for the importation of machines and accessories for the J.P.A. for the purpose of erecting a large national processing installation for mining products and thus alleviate the difficult position of the owners of small mines.

(page 3 of the original)

According to a U.S. report from Washington dated 7 February 1941, the foreign trade figures over the past two years for Chile/J.P.A. are quoted as follows:

| | J.P.A. | |
|----------------------------|------------|------------|
| | 1940 | 1939 |
| Imports from U.S. to Chile | 3,428,000 | 26,781,000 |
| Exports from Chile to U.S. | 54,941,000 | 40,532,000 |

In addition to the recently purchased 100 tons of copper, the U.S.A., according to reports, intend to acquire an additional 100 tons, since the first lot was consumed within six months. Chile is supposed, again to provide 35%, the remaining 15% to be covered by Peru. In this connection it is interesting to mention that so-called mining-experts are to be assigned as attaches to the U.S. Legation in Chile, Argentina, and Peru, "to encourage mining production in these countries".

Industry.

The financial support of the "Corporation for re-education of production", is it proposed to build a large steel foundry in Antofagasta under the name of Compania Siderurgica Ferrosa with the object of exploiting the iron-containing sand deposits, located, as previously reported, in this area. Tests with this Chilean raw material were made by the Oniaste works in Japan, and are said to have given excellent results. It is intended to construct the plant in Chile on the lines of the aforementioned Japanese concern and for this purpose Japanese engineers will be induced to come to Chile.

Rates of Exchange.

| | | |
|--------------|---|--------------------------------------|
| Reichsmark | - | res. 3.26 end January, 3.10 end Feb. |
| Swiss Franc | - | 3.16 - id - , 3.40 -id- |
| French Franc | - | stationary res. 0.51 |
| £ St. & T.S. | - | unchanged. |

(Page 3 of the original)
cont'd

Chile/Belgium/Luxembourg

The trade agreement between above named countries, which has been in force since 22 June 1938, is extended as per 1 January 1941 for another year, according to the Diario Oficial of 21 January 1941.

Chile/Peru

The Modus Vivendi between Chile and Peru has been extended for an indefinite period as from 31 January.

On the occasion of the visit of the Chilean Foreign Minister to Lima, among other things a Pact of Friendship and Non-Aggression was signed between Chile and Peru.

Chile/Japan

To further trade between these countries, a Japanese commercial delegation under the leadership of Ryochi Mitsuhashi has arrived in Chile.

Diplomatic Representations

The new Spanish Ambassador for Chile, Marques don Juan de Yoda and the new French Envoy, M. Paul H. Edgard de Gillys d'Hyenville have arrived in Santiago de Chile.

CERTIFICATE OF TRANSLATION - 15 September 1947

I, Victoria OPTOV, ETO 20129, hereby certify that I am a duly accredited translator for the German and English languages and that the above is a true and correct translation of the document NI-2548.

VICTORIA OPTOV
ETO No. 20129

TRANSLATION OF EXCERPTS FROM DOCUMENT No. NI-9556
OFFICE OF CHIEF OF COUNSEL FOR WAR CRIMES

(handwritten) Herr Borgwardt
Dyestuff Sales Department Latin America) B B 7
Directorate Department Chemicals) Frankfurt/Main
Office of the Central Committee)
Attention: Dr. Hoyer

Sa. 20 November 1941

ARGENTINA

Enclosed please find a situation report for September/October, dated 23 October 41, which we have just received from Herr Hermann, Buenos Aires.

OFFICE OF THE COMMERCE COMMITTEE
(Signature) Schoene

Enclosure

Dispatcher's Stamp:

Directorate Dept. Chemicals
Rec'd: 24 Nov 41
No. _____
File: _____

(page 7 of original)

.....

Supply difficulties for products from North America are increasing every month, since the United States are in the dilemma of not even being able to satisfy the belligerent countries as regards their demands which have priority over those of the Latin-American republics. In addition, quite a number of the branches of industry which are not connected with war industry have already been made subject to rigid restrictions as a result of North America's armament program, and a shortage of various raw materials is already making itself felt in North America, which, in addition, is causing prices to rise. The North American governmental agency therefore predicted that in the near future a certain amount of confusion in the economy is to be expected. In the first place Latin-American countries are to be supplied with those products which are needed for the defense of the American continent. The mere fact that a great number of agencies have to give their approval before any* to Latin America can be made (State Department, Directorate for Production Questions, Armament Commissions of the Army and Navy, Treasury, Agency for Shipping Space Allocation, Rockefeller Coordination Office, and now also the Bureau for Continent Rearmament) is bound to result in a great deal of difficulty and delay.

* exports

.....

TRANSLATION OF RECEIPTS FROM DOCUMENT NO. 9556, COMPLETED

(page 7 of original, cont'd)

In compliance with a request received by the Latin-American Republics from the United States Government, the Argentine Foreign Exchange Agency (Franco Control) has ordered the Argentine import agents to submit a list of their requirements of products which are subject to certain restrictions in North America, not later than 25 September 41, for the purpose of forwarding it to the US Government. Stocks on hand are to be reported and their purpose is to be listed.

(page 8 of original)

We noted that the importing agents in each instance are only to report the absolutely essential minimum of their requirements. In the middle of this year (August, this year) as was announced, North American export control covered approximately 90% of the value of all North American products.

.....

Now the U.S. Government has also admitted that the attitude of the U.S. Congress towards the MEAT PROBLEM (see preliminary report) was bound to make an extremely unfavorable impression on Argentina. Argentine chilled and frozen meat, which, as is known, is greatly appreciated in England and other countries, is being discredited by the allegation, always brought up by the North American Parliament, that there is foot and mouth disease in Argentina. In the meantime steps have already been taken in North America to deter Cuba from purchasing Argentine frozen meat as well, by making the conclusion of a trade agreement between the U.S. and Cuba dependant on a clause to the effect that the latter must not obtain any meat supplies from countries in which, in the opinion of the U.S.A., there is foot and mouth disease. It is worthy of mention that Cuba, which formerly obtained frozen meat mainly from Argentine and Brazil, has been buying the North American rival product since 1940.

.....

(page 15 of original)

.....

The Shipping Commission of the United States of America listed the total tonnage of the ships used for the traffic with Latin America for 1 September 1941 at 1,105,284 tons as compared with 852,673 tons on 1 January 1941.

.....

CERTIFICATE OF TRANSLATION

16 September 1947

I, ARTHUR MCKENZIE, Civ.No.20191, hereby certify that I am a duly appointed translator for the German and English languages and that the above is a true and correct translation of the document No. TI-9556.

ARTHUR MCKENZIE, Civ.No.20191.

page 1 of original)

Extract from the Report on the Situation in Chile, October 1941
by Herr Werner Siering, Santiago

.....
Military

In connection with the four milliards project for armaments, the newly created "National Defence Council" can only act in an advisory capacity, that is to say, it has no power whatever, to intervene actively in the purchase of war material and in the investment of the money. This decision, has caused disappointment and indignation especially in military circles.

A move to finance armaments by a levy on copper was rejected by the Chamber.

(page 2 of original)

Aviation

Since 8 October this year the Panagra air line service between Santiago de Chile and Buenos Aires has been increased from four times to five times per week.

Navigation.

The trip of the president of the Compania Sudamericana de Vapores, Don Carlos E. Vial E., to the United States is connected with the negotiations which are to take place in New York with the owners or the agents of the Danish vessels, which have been requisitioned by the Chilean Government. The five Danish ships mentioned already have been given Chilean names.

CERTIFICATE OF TRANSLATION

I, Victoria Erton, NTO 20129, hereby certify that I am a duly appointed translator for the German and English languages and that the above is a true and correct translation of the document NI, 9561.

Signature of translator and serial #

TRANSLATION OF DOCUMENT NO. NI 9560
OFFICE OF CHIEF OF COUNSEL FOR WAR
CRIMES.

I.G. FARBEH Nr 7
Unter den Linden 82

To

Dyestuff Sales Department Latin America, Frankfurt/Main
Foreign Rayon
Sales Dept.
Berlin SO 36

Directorate Department Chemicals, Frankfurt/Main
Office of the Central Committee, Attn: Herr Dr. Meyer
Office Sparte I,
Ludwigshafen

Export - Special Group G

"Bayer" Directorate Department, Leverkusen

Overseas Photo Sales Department Berlin SO 36

| | | | |
|----------------|--------------------|---------------|---------------|
| Your reference | Your communication | Our reference | Date |
| | of | Office of the | |
| | | Commercial | |
| | | Committee | |
| | | Al/Su | 22 March 1941 |

Dispatcher's Stamp:

CHILE/MEXICO

Directorate Dept. Chemicals
Rec'd: 26 Mar 41
M
File: / (initial)

Enclosed herewith we transmit to you extracts from the reports concerning the economic situation in Chile and Mexico which we received a few days ago from Herr Sieling and Dr. von Humboldt.

OFFICE OF THE COMMERCIAL COMMITTEE

(signature)

Enclosures

Ø General Manager Dr. P. Mueller, Troisdorf

Stickstoff-Syndikat GmbH, Department for Propaganda Abroad,
Berlin Nr 7

Kalle & Co. AG., Commercial Secretariat,
Wiesbaden-Biebrich

Dynamit A.G., formerly Alfred Nobel & Co.,
Economic and Social Department Troisdorf

TRANSLATION OF DOCUMENT NO. NI-9560
OFFICE OF CHIEF OF COUNSEL FOR WAR
CRIMES.

(page 2 of original)

Military Aviation

A fairly large number of officers is to be sent to the belligerent countries and USA for studying purposes, namely 4 officers to Germany, one to Germany, one to Italy, 2 to England and 9 to USA.

CERTIFICATE OF TRANSLATION.

I, Victoria Orton, ETO 20129, hereby certify that I am a duly appointed translator for the German and English languages and that the above is a true and correct translation of the document NI-9560.

Signature of translator and serial /

(page 1 of original)

I.G. BECK Nr 7
Unter den Linden 82

(Sharp) Directorate Dept. Chemicals
Reg'd: 21 Apr. 41
M.I.
File: Bureau Sparte ?

To
Dye-stuffs Sales Department Latin America Frankfurt/Main
Directorate Department Chemicals
Office of the Central Committee
Attention: Herr Dr. ROELL
"Bayer" Directorate Department Leverkusen
Overseas Photo Sales Department Berlin SO. 36
Foreign Rayon Sales Department

Your reference Your letter of Our reference Date
Office of the Commercial 22 April 41
Committee, Al/Su.

SUBJECT:

THE ARGENTINE / CHILE

Enclosed herewith we transmit to you for your information economic reports on the Argentine and Chile which we received a few days ago.

OFFICE OF THE COMMERCIAL COMMITTEE
(signature) BRUCH (signature) illegible

ENGINEERS:

General Manager Dr. F. MUELLER, Troisdorf
Stickstoff-Dynamik, Foreign Propaganda Service
Berlin N/7
KALL & Co. AG., Commercial Secretariat
Wiesbaden-Biebrich
Dynamit AG, formerly Alfred NOBEL & Co.
Economic and Social Department, Troisdorf

(page 2 of original)

H. HOWARD

Buenos Aires, 21 March 1941

Excerpt from a Report concerning
the Economic Policy and Economic Situation of Argentina

.....
(par. 2)

U.S.A.

According to reports from the United States of Africa, a larger quantity of Argentine canned meat, is to be obtained for their Army and Navy. Ten thousand tons were mentioned. The United States are furthermore interested in obtaining cooked meat packed in cellophane paper-bags. Agricultural circles in the United States, however, continue to object to the supply of Argentine frozen meat.

.....
(par. 3, better line)

Although up to now the German side has always emphasized that

(page 3 of original)

at the termination of the war a brisk exchange of trade is to be expected between Germany and the Latin-American countries, a press campaign, initiated from North-America, has now begun, to the effect that in the event of a German victory, trade with Europe would be almost out of the question. In this connection attention is drawn on the one hand, to the linking together of the European countries, which has been achieved in the meantime, and, on the other hand, to the North-American efforts to prevent the exchange of trade between South-America and a totalitarian Europe.

(page 6 of original)

signed: HOWARD

CERTIFICATE OF TRANSLATION

5 September 1947

I, Victoria ORICK, ESO No. 20 129, hereby certify that I
am a duly appointed translator for the German and English lan-
guages and that the above is a true and correct translation
of the document No. ME-557.

Victoria ORICK
ESO 20 129

(page 2 of 2)

Dye-stuff Sales Department Latin America, Frankfurt/Main
Directorate Department Chemicals,
Overseas Photo Sales Department, Berlin SO 36

(Copy) Directorate Dept. Chemicals
Rec'd: 22 Sep. 4/
L.S.
23/7

(Dispatcher's Copy) Department ?
Rec'd: 25 Sep. 1952

The Situation:

A few days ago we received from Herr HORN several reports on the situation in the Argentine in April and May of this year. Although not all the contents are up to date, we are nevertheless sending you here the excerpts from these reports, since they give a good survey of the development of the situation in South America.

OFFICE OF THE CHIEF OF CONSUL
(signature) SO 3627

Enclosures:

(page 2 of original, . . .)

17 September 1952

Excerpt from the Report of Herr HORN, Buenos Aires, dated 20 May 1952

(par. 2)

As BRU has now sold to the USA her entire rubber production for five years, it may be that, as in the case of Brazil, the consent of the USA will also be required for the negotiations between the Argentine and Peru in regard to rubber deliveries. -

(page 2 of original, i. e., cont'd.)

(par. 5)

The Inter-American Defense Commission, set up in Washington, has been informed by the North-American authorities that the United States are willing to arm the vessels of all American countries with guns. Simultaneously it was recommended to the Commission that steps be taken for the uniform financing of the entire shipping traffic of the American countries.

CERTIFICATE OF TRANSLATION

9 September 1947

I, Victoria ONTOS, IFO No. 20 125, hereby certify that I am a duly appointed translator for the German and English languages and that the above is a true and correct translation of the document No. 100-9552.

Victoria ONTOS
IFO 20 125

(page 1 of original)

Office of the Commercial Committee
17 September 1942

Excerpt from the Report of Herr Hill,
Buenos Aires, of 30 April 1942

.....

(page 2 of original)

(par. 2)

As the authorities on the spot have emphasized, exports from the United States of America to the Argentine are to some degree limited in future, since, in view of the delivery difficulties which exist in any case, there is the tendency to supply firstly those American countries which have declared war on the Axis powers, or have broken off relations with them.

(page 3 of original)

(par. 1)

According to reports from Washington, future exports of most kinds of machinery, equipment and various other articles will cease in view of the radical conversion of North-American production. In many instances Argentine industry may be crippled because of this to displace a large number of workers, for instance for the rayon industry, which at present is said to be facing ever-increasing difficulties in obtaining raw materials from the United States.

The North-American 'Black List' has been enlarged twice, at the end of March of this year and at the beginning of April of this year, to include more than 1,000 Latin American firms. The American Office for Economic Warfare is now cooperating closely in this field with the similar English office and has an extensive organization at its disposal for this purpose. At the end of March of this year information was received from Washington that American firms or branch firms and their managers, which are registered in the Latin American countries, will now be in a subject to criminal law procedure if they do not comply with the regulations of the USA Economic Warfare Office. These firms have moreover been instructed to report to the office mentioned any cases which may come to their knowledge of firms which are on the 'Black List' receiving North-American goods perhaps through third parties.

(page 2 of original cont'd.)

According to a publication of the Trade Office in Washington, trade between the Argentine and the United States during the past year showed an export surplus on the part of the Argentine amounting to US \$7,695,000.--. A further report from Washington says that for the purpose of adjusting the trade balance with the Latin American countries, gold from the stocks of the U.S. Treasury has been handed over to these countries; in such connection it is known that the gold stocks of the U.S. Treasury have decreased by not less than 600 million Dollars. No opinion has been expressed as yet by the Argentine authorities as to this matter.

Argentine representative also participated in the Inter-American Defense Conference in Washington. As regards the first secret meeting of this conference, it is known that one of the matters dealt with was the protection of navigation in the inter-American traffic by the convoy system and other protective measures, and in this connection, the Argentine Government on another occasion expressly declared that it was not in favour of Argentine ships taking part in these convoys.

CONFIDENTIAL

5 September 1947

I, Victoria GARCIA, ITC No. 20 125, hereby certify that I am a duly appointed translator for the German and English languages and that the above is a true and correct translation of the document No. NI-9213.

Victoria GARCIA
ITC 20 125

B.d.K.J.

Excerpt from the Report of Herr Hansen, Buenos Aires
of 14 April 1942

The decline of deliveries from the USA is now beginning to make itself strongly felt in Argentina. Numerous plants - among others those assembling motor-cars - are already forced to discharge workmen and employees on a large scale. From other news it has also been reported that materials which had already been paid for in September have not yet been delivered by the USA. The shortage of import goods has already led to extensive speculations, so that the shortage is becoming still more acute and prices are showing a strong upward trend. This again affects the purchasing power of the population and just at the very moment when, for the reasons cited, one has to expect a considerable increase in unemployment. The necessary increase of wages resulting therefrom has already been obtained in various trade groups, in the case of the building trade by means of strikes. The United States surely suggested to the governments of the Latin American countries that they fight speculations in the products imported from the USA, without, however, giving any consideration to the various demands for more suitable prices.

The following five inter-american conferences which, in part, are to deal with economic questions, are scheduled to take place within the near future:

- 1) Inter-american Defense Council, in cooperation with the US Supreme Command, as well as on the introduction of the convey system for inter-american shipping; (Washington 30 March 1942).
- 2) Political Advisory Defense Committee, concerning measures against the Fifth Column (Montevideo 12 April 1942).
- 3) Conference of the representatives of the state banks, concerning the control and prevention of business activities in South America by firms friendly to Axis Powers.
- 4) Conference of the Ministers of Finance with respect to the inter-american program for currency stabilisation.
- 5) Inter-american technical and economic conference, which is to deal with present and near-term economic problems.

B.d.X.A.

Excerpt from the Report of Herr Heman, Buenos Aires
of 14 April 1942

The decline of deliveries from the USA is now beginning to make itself strongly felt in Argentina. Numerous plants - among others those assembling motor-cars - are already forced to discharge workmen and employees on a large scale. Among other news it has also been reported that materials which had already been paid for in September have not yet been delivered by the USA. The shortage of import goods has already led to extensive speculations, so that the shortage is becoming still more acute and prices are showing a strong upward trend. This again affects the purchasing power of the population and just at the very moment when, for the reasons cited, one has to expect a considerable increase in unemployment. The necessary increase of wages resulting therefrom has already been obtained in various trade groups, in the case of the building trade by means of strikes. The United States sorely suggested to the governments of the Latin American countries that they fight speculations in the products imported from the USA, without, however, giving any consideration to the various demands for more suitable prices.

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- 4) Conference of the Ministers of Finance with respect to the inter-american program for currency stabilization.
- 5) Inter-american technical and economic conference, which is to deal with present and nearer economic problems.

.....

(page 6 of original)

.....

The North American "Black List" was supplemented by a US State Dept. publication containing the names of 653 persons or firms in Latin America of which, however, only 21 belong to Argentina, while a further 16 firms were taken off the list. Apart from that it was learned from Washington that for several months a "Grey List" had also been in existence there, containing the names of Latin American firms whose relations with firms on the "Black List" had not as yet been clearly established. This list is said to be very large already and to have the same effect as the Black List viz. that no deliveries to these firms will be made from the USA and that credit balances of firms names, will be blocked in the USA.

.....

(page 7 of original)

Meanwhile the sole quota fixed for Argentina was the one for Zinc sheeting, which was, as we have learned, for 106000 tons for the period ending on 30 June 1942, as this product is considered to be of vital importance to the supply of armoured steel to the USA and England. With regard to further quotas the method employed is as follows: the Central Bank forwards a list to the Argentine Embassy in Washington on which the various US authorities responsible for exports, defense, continental coordination etc. have to state their views. In addition, for future deliveries compliance with the Black List will be stipulated since this list has as yet neither been recognized nor rejected by the majority of the Latin American governments. Judging by another report from Washington, at present only quotas for such materials may be obtained which are needed for the defense of the continent in accordance with US plans. Although by the end of September of this year the Central Bank of Argentina had already reported the requirements of the Argentine economy for US products, the US government sent a special commission of experts to Argentina and neighbouring countries to investigate the requirements of these countries from the view-point of a combined Latin American continental economy.

At the end of November of this year the government of Argentina sent a commission of military experts to the USA to contact the authorities with reference to the purchase of armaments material (please refer to our preliminary report).

.....

One of the main US purchases in Argentina recently was eggs, of which between 1 Sept. 1941 and 15 Nov. 1941 about 7,7 million dozen have been shipped, while formerly the USA did not obtain these goods from Argentina. It is assumed that these goods are directly or indirectly intended for England. Further articles

(page 8 of original)

which attract the interests of USA are casein, fat residues, dried
blood, glycerine, potassium tartrate, tartaric acid etc.

(page 9 of original)

At the end of November of this year, the North American government
concluded a contract with Argentina for the delivery of the
entire Argentine output of tungsten ore for the period of three
years on condition that deliveries to other states would not take
place. The quantity involved may be up to 3000 tons a year, to be
delivered at a fixed price of about US \$ 21.- per short ton
(2000 lbs). cif New York for crude ores, i.e. about US \$ 6000.-
per ton of tungsten, whereas Japan had recently made purchases
at a price equal to about US \$ 2000.- as a result of the contract
with the USA, deliveries to Japan, as far as the undelivered portion
is concerned, will now remain unfulfilled. The contract with the
USA may result in an increase of Argentine production, which in
1940 had been a mere 1250 tons, of which 950 tons were exported
to USA, 253 tons to Japan and 5 tons to Sweden. It has been
discovered that the tungsten mines have for some time been in the
possession of companies financed by American capital. It is to be
anticipated that the USA will propose to Argentina a similar
agreement for beryllium and mica.

(page 23 of original)

3 January 1942

CERTIFICATE OF TRANSLATION

16 September 1947

I, Arthur McNAMARA, ETO 20191, hereby certify that I am a duly
appointed translator for the German and English languages and
that the above is a true and correct translation of excerpts from
document No. UI-9554.

Arthur McNAMARA
ETO 20191

TRANSLATION OF EXCERPTS FROM DOCUMENT NO.
NI-9555
OFFICE OF CHIEF OF COUNSEL FOR WAR CRIMES

(page 8 of original)

* * * * *

According to U.S. statistics EXPORTS FROM ARGENTINA TO USA consisted of the following items (the large percentage of articles which are considered to be strategically important is noteworthy) (Fig values in \$):

| <u>Products:</u> | <u>Jan./Sept. 1940:</u> | <u>Jan./Sept. 1941:</u> |
|-------------------------------------|-------------------------|-------------------------|
| Wool | 17,656,871.- | 54,691,060.- |
| Skins and hides | 10,828,397.- | 23,071,154.- |
| Canned meat and meat by-products .. | 3,513,234.- | 6,855,160.- |
| Milk products | 611,862.- | 4,007,800.- |
| Linseed | 10,662,439.- | 10,301,838.- |
| Guaracho essence | 1,923,360.- | 5,086,609.- |
| Fruit and canned fruit | 828,440.- | 2,100,597.- |
| Grain and ground products | 2,127,497.- | 407,240.- |
| Horsehair | 710,801.- | 1,883,391.- |
| Minerals and ores | 1,767,791.- | 2,186,834.- |
| Fertilizers | 1,335,857.- | 2,706,882.- |
| Other products | 2,161,762.- | 11,792,023.- |
| | <u>54,781,161.-</u> | <u>130,091,113.-</u> |

According to a report originating from North America the demand for Argentine wool has decreased somewhat of late, which might be due to the fact that, as a result of the purchase of large quantities of woolen products from the Empire (Australia, South Africa), the existing demand of the United States has already been met, so that the wool obtained from Argentina is now being used for stock-piling purposes in the U.S.A. In consequence, Argentine export agents cannot foretell their export possibilities with such certainty as before, particularly in view of the shipping space policy of the United States which operates strictly on requirements.

* * * * *

(page 19 of original)
* * * * *
(initialed) H

CERTIFICATE OF TRANSLATION

16 September 1947

I, Arthur Maczara, Civ.No.20191, hereby certify that I am a duly appointed translator for the German and English languages and that the above is a true and correct translation of the document No. NI-9555.

ARTHUR MACZARA, Civ.No.20191.

- 1 -
"END"

TRANSLATION OF EXCERPTS OF DOCUMENT NO. W1-9559
OFFICE OF CHIEF OF COUNSEL FOR WAR CRIMES

(Page 1 of original)

I.G. BERLIN NW 7
Unter den Linden 78

| | |
|--|----------------------------|
| To | Stamp: |
| Dyestuff Sales Department Latin America) | Directorate Dept. Chemical |
| Directorate Department Chemicals) | Rec'd: 9 Oct 41/F |
| Office of the Central Committee) | M. |
| Attention: Herr Dr. Meyer | File: |
| "Bayer" Directorate Department | Frankfurt/Main |
| Overseas Photo Sales Department) | |
| Foreign Region Sales Department) | |
| Office Sparte I | Ludwigshafen |

Your reference: Your communication of
Our communication of
Our reference Office of
Commercial Committee
Al/Su.

Berlin NW 7
Unter den Linden 78
8 October 1941

SUBJECT: MEXICO:

Enclosed herewith we transmit to you an extract from a survey report June / August, which we received a few days ago from Herr Dr. von Humboldt.

OFFICE OF THE COMMERCIAL COMMITTEE
(signature) unidentifiable

Enclosure:

/ General Manager Dr. P. Weller, Troisdorf
Stickstoff Syndicate GmbH, Department for Propaganda Abroad
Berlin NW 7
Kalle & Co. AG, Commercial Secretariat,
Hinsbadorf-Slabrich
Dynamit AG., formerly Alfred Nobel & Co.,
Economic and Social Department Troisdorf

(page 2 of original)

Office of the Commercial Committee
Al/Su.

2 October 1941

MEXICO

Extract from the Survey Report June/August by Herr Dr. von
Humboldt, dated 15 August 1941

.....
Recent economic agreements have served to strengthen still further
the relations between Mexico and the USA. It has been announced that

(page 3 of original)

the entire mercury production has been taken over by the States.
The price of \$170.00 per flask of 75 pounds fixed by the USA, has
given rise to some disappointment in mining circles, it was
emphasized in the press, however, that this agreement would have the
advantage of bringing about stable conditions in the market for
a period of 18 months.

.....
Mining.

The old stocks of lead, copper and zinc have been used up almost entirely and have been sold to U.S.A. At the present time the greatest demand is for zinc. Mexico has no share in the high prices which at the present time are paid in the United States, since the Commission for American purchases has accepted the low prices, in existence hitherto as basis for the agreement. As in the case of mercury prices, the Americans, being the sole buyers are taking advantage of the opportunity to dictate the prices. Prices for the more usual metals are still unchanged. Lead: 5.85; copper: 11; zinc: 7 1/4 US gold cents per lb. Of course such prices do not enable the undertakings to make any profits.

* CERTIFICATE OF TRANSLATION

I, Victoria Orton, ETO 20129, hereby certify that I am a duly appointed translator for the German and English languages and that the above is a true and correct translation of the document NL-9599

VICTORIA ORTON
ETO No. 20129

TRANSLATION OF EXCERPTS FROM DOCUMENT No. NI-9562
OFFICE OF CHIEF OF COUNCIL FOR WAR CRIMES

I.G. BERLIN N^o 7
Unter den Linden 78

(Rubber Stamp)
Directorate Department
Chemicals
Rec. 19 Novm 1941 Out
I.
Dept. (?)

| | |
|---|----------------------------------|
| Latin America Dyes Sales Dept.) | Frankfurt on Main |
| Directorate Dept. Chemicals) | |
| Office of the Central Committee) | Leverkuseu |
| for the attention of Dr. Hoyer) | |
| Special Export Group G) | Berlin SO 36 |
| "Bayer" Directorate Dept.) | |
| Overseas Sales Dept. for Photographic) | Office of Sparta I, Ludwigshafen |
| Department for the Sale of) | |
| Artificial Silk abroad) | |
| Office of Sparta I, Ludwigshafen | |

| Your reference: | Your letter of | Our reference | Date |
|-----------------|----------------|---------------|--|
| | | Al/Sa. | Berlin N ^o 7 Unter den Linden 82, 11 Nov. 1941 |

Chile/Paraguay.

Enclosed we beg to submit to you the Economy Reports for
September 1941 concerning Chile and Paraguay, which we have just
received.

Bureau of the Commercial Committee

(signature) Schick (?)

Enclosures.

4 Dr. Dr. P. Müller, Iroisdorf
Stickstoff-Syndikat G.m.b.H., Dept. Publicity Service Abroad,
Berlin N^o 7
Kells & Co. A.G., Commercial Secretariat, Hansbuden-Biebrich
Dynamit A.G. vorm. Alfred Nobel & Co., Economics and Social Dept.
Iroisdorf.

(page 1 of original)

Excerpt from the Situation Report on Chile, dated September 1941

by Herr Werner Siering of Santiago

Chile and the European Conflict.

As is already known from newspaper reports, the Germans who had been arrested in connection with the anti-German propaganda campaign were released on 30 September. On 18 and 19 September it was made known by broadcasting and through the Press that 6 Chileans were arrested in Germany as saboteurs. This fact was commented on in the Chilean Press ^{and} striking headlines and the protest against these arrests was re-echoed in other American countries. From a private but most reliable source it was learned that the Chilean ambassador in Berlin, Barros Ortiz, has informed his government that on no account should one risk spoiling the diplomatic relations with Germany since, as before, Germany's attitude towards Chile was very friendly, and since Germany had practically won the war.

.....

(page 2 of original)

.....

Military Affairs.

The 4 billion credits program was passed by the Chamber of Deputies with 64 votes in favour and 7 votes against it, while 34 abstained from voting.

.....

(page 4 of original)

.....

Chile/Japan

The head of the Nippon Yusen Kaisha Line in Chile, Mr. Akira Abe, declared when he assumed office that in order to intensify the exchange of goods between Japan and Latin America, his company was going to build new ships in order to extend its services. At the present moment 8 ships of the Nippon Yusen Kaisha Line were plying between Japan and Chilean ports, viz.:

| | |
|------------|------------|
| Hayo Maru | 9.816 tons |
| Ginyo Maru | 9.419 tons |

TRANSLATION OF EXCERPTS FROM DOCUMENT No. NI-9562
CONTINUED

(page 4 of original, cont'd)

| | |
|-------------|------------|
| Rakuyo Maru | 8,615 tons |
| Agaki Maru | 7,400 tons |
| Neto Maru | 7,200 tons |
| Saruki Maru | 7,100 tons |
| Sakito Maru | 7,100 tons |
| Sagami Maru | 7,100 tons |

The dates of arrival and departure of Japanese ships are no longer published in the Chilean Press.

CERTIFICATE OF TRANSLATION

15 September 1947

I, Arthur MACAMARA, ETO 20191, hereby certify that I am a duly appointed translator for the German and English languages and that the above is a true and correct translation of excerpts from document No. NI-9562.

Arthur MACAMARA
ETO 20191

TRANSLATION OF EXCERPTS FROM DOCUMENT No. HI-9563
OFFICE OF CHIEF OF COUNSEL FOR WAR CRIMES

I.G. BERLIN Nr 7
Unter den Linden 82

| | |
|-----------------------------------|-------------------|
| Latin America Dyes Sales Dept., | Frankfurt on Main |
| Directorate Department Chemicals, | Frankfurt on Main |
| Special Export Group G, | Frankfurt on Main |
| "Bayer" Directorate Department, | Leverkusen |
| Overseas Sales Department for | |
| Photographic Articles, | Berlin SO 36 |
| Department for the Sale of | |
| Artificial Silk abroad, | Berlin SO 36 |

| | | | |
|----------------|----------------|---------------|--------------|
| Your reference | Your letter of | Our reference | Date |
| | | Schoe/Ns. | 11 Nov. 1940 |

(Rubber stamp)
15 Nov. 1940
illegible

Subject: Chile.

Enclosed we beg to submit to you a report on the economic and political situation in Chile for the month of September 1940, which we have just received from our I.G. Verbindungswart.

Office of the Commercial Committee

signature : (illegible) Schoe (?)
(signature)

Enclosure.

Dr. Pueller, General Director, Troisdorf
Dynamit A.G. vorm. Alfr. Nobel & Co.,
Economics and Social Department, Troisdorf
Stickstoff-Syndikat G.m.b.H., Publicity Service abroad,
Berlin Nr 7,
Kalle & Co., A.G. Commercial Secretariat, Hasbuden-Biebrich.

(page 1 of original)

CHILE.

8 Oct. 1940

Survey for the month of September.

.....

(page 7 of original)

.....

Private flying.

According to a publication in the Diario Oficial of 30 Sept., the Minister of Defense decreed that the Aero Clubs be placed under the control of the Air Force Administration (FAN-Fuerza Aerea Nacional) in order to ensure an efficient organization on the one hand, and the greatest possible benefit to the state on the other. As is well known, private flying has lately become state-subsidized. This decree furthermore stipulates that in the clubs only Chileans may be trained as pilots.

.....

CERTIFICATE OF TRANSLATION

15 September 1947

I, Arthur MACNAMARA, ETO 20191, hereby certify that I am a duly appointed translator for the German and English languages and that the above is a true and correct translation of excerpts from document No. NI-9563.

Arthur MACNAMARA
ETO 20191

- 2 -
"END"

Dr. Max ILGNER
Member of Board of Directors
I.G. Farbenindustrie Aktiengesellschaft

Berlin, No. 7
Unter den Linden 82
13 June 1943

received 23 June
(hand-written)

To:
Dr. G. von SCHAFER, Director
I.G. Farbenindustrie Aktiengesellschaft
Frankfurt a.M.

Dear Herr von Schäfer !

Enclosed herewith I am forwarding to you a cable from Mr. J. W. FISCHER in Mexico, which is intended for Frankfurt and which was turned over to me by State Councillor BULAND, till now commercial attaché at the German Legation in Mexico; also enclosed is a copy of a cable Mr. FISCHER addressed to me. Mr. BULAND has told me some very interesting things about Mexico. Even after diplomatic relations were broken off, he had two talks with the president of Mexico. He reported that Mr. FISCHER had departed himself in an excellent manner, was in good health and was personally held in such high esteem, even in Mexican circles, that Mr. BULAND believes he will be well able to remain throughout the war.

I believe the things Mr. FISCHER has to say about Mexico will prove of such interest to you and Dr. OVERHOFF that I would welcome it if you could meet Mr. BULAND, who also intends to visit Frankfurt. Perhaps you could let me know when you and Dr. OVERHOFF, to whom I am forwarding a copy of this letter, are most likely to be in Frankfurt during the next few weeks, so that Mr. BULAND if the occasion arises can arrange his trip to Frankfurt accordingly.

With many greetings to you and your dear wife I remain

yours sincerely,

(signed) Max ILGNER

(page 3 of original)

Translation

12 June 1942
No.

For Dr. HIGGINS

15 Jan 1942

Since the members of our legation are leaving tomorrow, I would like to send you my heartiest greetings through State Councillor (retired) HERRMANN. I have requested Mr. HERRMANN to give you detailed information concerning conditions in Mexico and hope that you will find time to see Mr. H. in spite of the numerous other demands upon your time.

At this point I would like to mention that our collaboration with H. has been very profitable and that while acting as commercial attaché in Mexico, H. has always shown the greatest concern for the interests of the I.G. Farbenindustrie Aktiengesellschaft. However, it is not only on economic questions but also in the diplomatic field that H. has achieved notable successes, which have made him particularly popular with the president of the country. Therefore I greatly regret that we must lose this good intermediary with the Mexican authorities.

I hope that all is well with you and your co-workers and remain

with a spirited Sell HIGGINS,

your

FISCHER

Translation 15 June 1942 Ho.

I.G. Farbenindustrie Aktiengesellschaft
AG, Germany

15 Jan. 1942

As soon as the members of the German legation in Mexico leave here and therefore I am taking advantage of the friendly offer of State Counsellor, retired, Hans SURMUT to transmit some news to you. Despite the fact that the black list of the North Americans restricts our business to a much greater degree than did the previously published black list of the British our total sales for the year 1941 were not unfavorable. The total sales of dyestuffs and auxiliary products amounted to \$ 181,251. = (U.S. gold dollars) and so exceeds the value of the turnover in 1940 by \$ 168,879. = (U.S. gold dollars). For the current year we must count on a sharp decline because, as you know, the question of replenishing our stock has become particularly difficult since we can no longer count on shipments either from Germany or from the U.S.A.; the replenishment of our stock is therefore limited to such purchases as we can take here from time to time. This entails a serious depletion of our stock. In this particular we are greatly obliged to the attitude of our customers, because several big customers had to be asked to buy from us for fear of the black list. In this respect I want to mention above all 1) 2) and 3). Other customers prefer to receive goods from us through cover addresses. We have had occasion earlier to mention that the political pressure of prohibition of the Mexican government is very great. This pressure has in the meanwhile become even stronger. The president of Mexico has often declared the intention of his government not to touch German property and according to our interpretation he clearly emphasized this good intention on the day Germany declared war on the U.S.A. General Manuel Avila Camacho has also always been ready, up to now, to receive individual Germans and committees of German businessmen, in order to prove his good will towards the German people. A committee, of which the undersigned is a member, which was supposed to call on the president one of these days, could not be received by him because the minister for the interior as well as the minister for Foreign affairs, protested against these talks of the president with members of the press, above all with Germans, on the grounds that the North American embassy knew about these talks, and this could have provoked an unfavorable attitude towards Mexico.

The freezing of bank assets of German firms in Mexico has naturally made business transactions much more difficult because the banks can no longer be called upon either to discount Konzern bills or to furnish foreign exchange. In this respect it will make no difference whether the firms concerned are considered, in accordance with the local laws, as Mexican firms or not.

- 1)
- 2)
- 3)
- 4) not present in code text and filled in by R. 7

(page 1 of original, cont'd)

At present the German firms in Mexico are negotiating with the ministries of economy and finance, who are

(page 2 of original)

proposing on behalf of the authorities to employ inventories whose function it will be, above all, to watch over the use of incoming money and to see to it that no money shall be transmitted to the axis powers. It is taken for granted that we will fight such a measure, so long as we have any means. Since we have not carried large bank balances for quite a while, in anticipation of decisive measures by the government, we had only 850,000 pesos frozen and this much only because our account had become temporarily unfrozen and we discounted bills to the above amount with which we were caught when our accounts were frozen again.

In our letters of the 15th and 21st of December, number 16, we informed you of the difficulties we had to overcome to protect the goods we recently received in Manzanillo from Japan, against confiscation. In the meanwhile the shipments have arrived in Mexico (D.F.). At the present time we have a big fight on our hands with the minister of finance, which finds us no less than 725,000.- pesos because the Mexican we were using as a cover address was accused of tax evasion, and our firm would have had to make up the alleged deficit. The government has ordered the confiscation of the firm and assigned an attorney from the finance ministry to us, who will supervise our business dealings, above all the money received. The legal aspects are favorable to us for the moment; and we have well founded hopes of winning this suit that we are forced to conduct with the government. Mr. Sola-Ol is well acquainted with the entire incident; perhaps you will find occasion to let him tell you the details. Case "Bayer" S.A., Mexico, was confiscated for the same reasons and the amount of the fine that the government levied against them is approximately the same as ours. This is also a case involving an infractor. The Union Quinica S.A., Mexico, has so far been spared these difficulties.

The breaking off of diplomatic relations has been accompanied by censorship of telegrams, so that we have not received a single telegram from you since your tel gram No. 19 dated 8 December, excepting Sola's telegram which arrived here January 7th. Perhaps you found occasion to instruct Sola that he should no longer send telegrams directly to our firm, but should rather use any convenient Spanish name as a blind and send it to P.O. box No. 2882 or 1313 or 1174 or 1294. Any of these P.O. box numbers may be used with any name desired. All letters and telegrams are censored in the USA as well as in Panama. The last letter, which was the 20th one we have received from you, was marked No. 151. It is to be assumed that many letters meant for us were not allowed to pass. For the time being, the only possibility we see here of maintaining our correspondence to some extent is through South America, since we hear that Spanish ships will continue to carry mail to South America after eliminating the service to Latin America.

TRANSLATION OF DOCUMENT No. MI-679
CONTINUED

(page 2 of original, cont'd)

From these letters, written in Spanish, would have to be forwarded to a cover address. Furthermore we shall have to see if you cannot send letters, written in Spanish, from Spain by Clipper via North America to a cover address at one of the above mentioned P.O. box numbers. The use of code is, of course precluded in such an event.

Please inform Schachen that Miss ZIEL, Karl UNZ and I are well.

Friendly greetings

FISCHER.

CERTIFICATE OF TRANSLATION

2 July 1947

I, Mary Black PERRY, Civ.No. 20 136, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of the document No. MI-679.

Mary Black PERRY
Civ.No. 20 136.

DOCUMENT NO. WI-10922
EXCERPTS
OFFICE OF CHIEF OF COUNSEL
FOR WAR CRIMES.

(page 1 of original.)

stamp:
CONFIDENTIAL

stamp:
DEPARTMENT OF STATE
OFFICE OF
AMERICAN REPUBLIC AFFAIRS
MAR 13 1944

BY COURIER
EMBASSY OF THE
UNITED STATES OF AMERICA

stamp:
RECEIVED
DEPARTMENT OF STATE

Buenos Aires, Argentina, February 21, 1944
Central Information Office
(C.I.O.) Report

stamp:
DIVISION OF
COMMUNICATIONS

No. 13955

Subject: Transmitting Copy and Translation of Report
of Federal Police Regarding German Espionage
Activities in Argentina.

stamp:
May 11, 1944

stamp:
DIV. OF FOREIGN ACTIVITY
CORRELATION
DEPARTMENT OF STATE

handwritten:
.....Madrid
.....3/30/44
.....illegible
800.20235/407 C.F.

STRICTLY CONFIDENTIAL

The Honorable
The Secretary of State,
Washington.

Sir:

With reference to the Embassy's telegram NO. 499

(page 1 of original, cont'd.)

of February 19, I have the honor to enclose herewith a copy and translation of the report released by the Federal Police on February 19 regarding German espionage activities in Argentina. It is interesting to note that this report confirms everything which successive Governments have denied as having taken place in Argentina. This includes the activities of espionage groups of Germany and Japan; the use of diplomatic pouches to forward espionage reports; the use of members of the crews of Spanish ships for the same purposes; the use of the Condor and Loti airlines to effect transfers of espionage agents as well as to forward reports and instructions; the use of large sums of money to employ espionage agents of many nationalities, chief among them being those of Spanish and Argentine citizenship; the use of "former" members of the Spanish Falange for purposes of espionage; the use of German and Argentine commercial houses to disguise espionage activities; the use of clandestine radio transmitters; the use of the German news agencies for purposes of espionage; the use of German Consulates in Spain for forwarding espionage reports; the landing of Axis agents in Argentine territory by German submarines; the use of Buenos Aires as the general headquarters for Axis espionage activities in the other American Republics and the use of Buenos Aires as the clearing house for espionage reports and instructions received from other points in this hemisphere and Europe for classification and re-distribution to their final destination, all with the participation of members of the staff of the German Embassy in Buenos Aires.

(page 1 of original, cont'd.)

stamp:
Confidential FILED
stamp:
MAR 15, 1944

stamp:
DIVISION OF
ADMINISTRATIVE
PHOTOGRAPHIC SECTION

stamp:
.....illegible

.....
(page 3 of original)

Respectfully yours,

For the Ambassador:

signed: Hugh Millard

Hugh Millard
First Secretary of Embassy

Enclosures:

- 1. Translation of report.

.....
(page 4 of original.)

stamp:
CONFIDENTIAL

Enclosure to Despatch NO.13955
dated February 21, 1944
from American Embassy at Buenos
Aires.

(TRANSLATION)

THE ARGENTINE REPUBLIC
FEDERAL POLICE
REPORT

The Federal Police, in compliance with the express orders of the Government of the Nation, has actively continued its investigations completely to uncover the activities of the espionage services of the Axis countries in the Argentine Republic.

(page 5 of original.)

.....
The Argentine organization was made up of three different sections, as follows: (A) The Becker Group; (B) The Seidlitz Group; and (C) The Harnisch Group, each of which acted entirely apart, but which maintained close contact with each other. It has been learned that information sought by the spies covered a wide range of subjects such as:

(a) Military. Under this heading there have been discovered the existence of documents regarding the United States war effort, details regarding armaments manufacture, naval and aircraft construction, et cetera.

(b) Political. Information regarding the political situation, both domestic and foreign, in South American countries.

(c) Economical. News regarding the economic situation of the various countries, especially the United States.

(d) Industrial. Possibilities and present output of the different industries as related to their contribution toward the war effort.

Information on these subjects was obtained in a variety of manners, such as by monitoring radiotransmissions from belligerent countries, analyses of the American press (newspapers and illustrated, technical and specialized magazines), personal observation, and by spying in the United Nations Embassies. Transmission of information was made in many

stamp:
CONFIDENTIAL

(page 6 of original.)

different ways, such as by airplane when ~~found~~ corner

(page 6 of original, cont'd.)

cial lines were in existence, and by clandestine radio transmitters. In this connection the part played by members of crews of neutral ships plying between Europe and Argentina must be especially mentioned, the activities of whom enabled the forwarding of innumerable documents.

(a) THE BECKER GROUP

1) Chief: Juan Sigfrido Becker or Schulze, alias "Don Jose" or "Don Pepe"; first class German espionage agent, born in Saxony, Germany on October 21, 1912, single, without known occupation; arrived in the country for the first time on May 9, 1937, on the S.S. Monte Pascoal. He is at present a fugitive from justice and an order for his arrest has been communicated to all national authorities. In 1942 he visited Germany and returned some months later as a diplomatic courier of the Embassy, his mission having been to organize in Argentina an espionage service for his native country, in the carrying out of which he abused the privileges which are extended to one in his position. Upon his arrival he contacted Guillermo Otto Albert Scidlitz, representative of the so-called Agencia de Viajes Central Europea, affiliate of the German Railways, with offices at calle Florida 439, in the building owned by the steamship company "Antonio M. Delfino y Cia. S.A. Comercial", who on his part headed another organization of similar, but secondary, character. Scidlitz connected Becker with Juan Gerardo Luis Harroyer, with whom Becker arranged to organize an espionage center which, to all intents and purposes, was to figure as a general representative concern. Harroyer then obtained the collaboration of Carlos Mario Heguy, who rented in his name offices Nos. 609 and 611, calle Cangallo

(page 6 of original, cont'd.)

439, 6th floor, where the so-called representatives' offices were installed, the business being registered with a capital of 25,000 pesos, of which sum Becker put up 21,000 pesos and Harmoyer the remainder.

From this office Becker controlled his organization, receiving his agents reports which were later transmitted to Germany through assistants who delivered them to members of the crews of neutral ships. Evidence is available that Becker was in possession of considerable funds, and that he extended his activities to other South American countries.

Finding that another center of operations was necessary Becker, in December 1943, rented through Schlosser a country house called "La Ochoa", calle Corrientes 550, Bella Vista, P.R., making an advance payment of 2,400 pesos for three months rent, and appointing Schlosser and his wife as caretakers, for whose service he paid 200.00 pesos per month, plus an additional amount for expenses. In one of the rooms of the Bella Vista residence Becker installed a photographic laboratory for the reproduction and enlargement of documents, this work having been carried out by Schlosser, an expert in such matters.

(page 7 of originals.)

Becker, through the intermediary of Soidlitz, contacted seamen of a neutral country's ships, who, for payment obtainable in any German Consulate in the said neutral country, delivered to those Consulates information obtained in South America for transmission to Germany.

(page 7 of originals, cont'd.)

2) Juan Gerardo Luis Harmoyer (arrested) was born in Prussia on December 30, 1906; he is married. He arrived in Argentina in 1934. He is advertising chief of the Quimica Bayer. Having become friendly with Seidlitz he was introduced to Becker, who informed him that he had been entrusted with the job of setting up an espionage organization in Argentina to obtain information useful to Germany in accordance with instructions from the German Security Service. Harmoyer agreed to collaborate as an espionage agent, for which he was paid 300.00 pesos monthly. He took charge of the organization of the so-called commercial office at Cangallo 439. Hoguy was put in charge of the office, Harmoyer explaining to him that since he held a position with Bayer he could not figure as the owner of a commercial firm selling chemical products. It was arranged that the staff of the company would leave at 4 p.m. to enable the members of the espionage organization to work there after the staff had gone. Harmoyer collaborate by supplying information of a political nature which was available to him as a result of his duties in the Quimica Bayer where he was in daily contact with numerous persons of varied social positions and ideologies. He also arranged meetings of the organization at the "El Chango" residence owned by one Schnaubert, where the activities of the organization were discussed and exchanges of opinions took place. Chief of the organization is known to be Juan Sigfrido Becker.

.....

(page 8 of original)

.....

4) Carlos Mario Heguy (arrested) is an Argentine citizen, 26 years old, single, merchant. He arrived in Buenos Aires from Rosario in 1942 in search of work. He was employed in the Quinica Bayer as street distributor of free samples with a daily wage of 5.00 pesos. Six months later his immediate chief Juan Gerardo Luis Hornoyer suggested that he take a partnership in a general commission business, advancing him the cash necessary for rent, furniture, et cetera. In this way the principal center of the activities of the Becker group came into being. Heguy acted as the cover to disguise the true nature of the office. He knew of the espionage activities of the organization, but apparently took no active part in obtaining or transmitting information. To install the office he received 25,000 pesos from Becker, of which he has only 3,500 left.

.....

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.....

(F) INTERVENTION OF THE GERMAN NEWS AGENCIES

It has been proved that the German news agencies Transocean and D.N.S., the latter of official character, have taken part in the gathering of information of interest for the German war effort.

.....

Buenos Aires, February 19, 1944.

* A CERTIFIED TRUE COPY *

- 8 -
END

AFFIDAVIT.

/at present in Wurnberg/ only
I, Rudolf DIELS, having been sworn that I shall render myself liable to punishment by making a false statement, herewith declare the following on oath, of my own free will and without coercion:

At the beginning of 1933, during my period of activity as Deputy Chief of the Prussian Political Police (Preussische Politische Polizei), a certain Mr. HILDT appeared at my office in the premises of the Secret State Police in Berlin.

Prior to that time I had not known Herr HILDT. He introduced himself as representative of the I.O. (Verkehr) and said that he had organized a foreign news service.

Herr HILDT offered me the services of this news agency. That is to say, he declared himself willing to supply the Secret State Police with news from abroad.

This offer surprised me greatly, since it was the first one of its kind; in my capacity as Chief of the Prussian Political Police, I had not before then dealt with foreign news services.

The conversation lasted for about half an hour.

Shortly after this conversation, I resigned from my position and therefore do not know what was the outcome of the whole affair.

I have carefully read each of the two copies of this affidavit and countersigned it in my own hand, I have made the necessary corrections in my own handwriting and countersigned them with my initials and I herewith declare on oath that, to the best of my knowledge and belief, I have spoken the

(page 2 of original)

absolute truth in this affidavit.

(signature) Rudolf Diels
RUDOLF DIELS

Sworn to and signed before me this 30th day of January 1947 at Wurnberg by Rudolf DIELS, Wurnberg, known to me to be the person making the above affidavit.

(signature) Paul H. Katscher
PAUL H. KATSCHER
Office of Chief of Counsel for
War Crimes, U.S. War Department

CERTIFICATE OF ACCURACY

25 August 1947

I, BRYN C. SWICK, D 425974, hereby certify that I am thoroughly conversant with the English and German languages; and that the above is a true and correct translation of document no. AT-6571.

BRYN C. SWICK, D 425974

AFFIDAVIT

I, Wilhelm MANN, after having been duly warned that false statements on my part render me liable to punishment, herewith state the following under oath, voluntarily and under no duress:

1. About the same time that the duties of the security officer (Abwehrbeauftragte) were determined, a certain Herr KETTNISS, namely the one from the regional counter-intelligence office Cologne, whose Chief was Major FOCKE, approached the office of the sales combine as well as the management of Leverkusen, in connection with the procurement of permits to travel abroad. He demanded that we submit to him reports of a general nature, such as came to us through our foreign agencies. Upon repeated exhortation from this office, I instructed my secretary, Herr LANGGUT, at different times, to compose reports of this nature, and to turn them over to Herr KETTNISS. I examined these reports myself before handing them over to make sure that they did not contain trade secrets or important information relative to business. These reports were put together from letters coming in from our foreign agencies.
2. In accordance with the verbal agreement made with the Berlin N.W.7 organization of the I.G., reports of a general nature were sent at regular intervals to the office of the Commercial Committee and to the Political Economy Department. This procedure was carried out from the moment that the Commercial Committee was established.
3. In the Berlin N.W.7 organization Herr v.d. HEYDE was entrusted, as central functionary, with the problems of counter-intelligence.
4. During the war the above-mentioned Major FOCKE made a report on questions of counter-intelligence. In this report he called on I.G. to support counter-intelligence, and, of course, by active counter-intelligence against plant espionage and sabotage, as well as by passing on reports from abroad. This lecture took place after a session of the Vorstand.
5. In keeping with the business-rules of the sales combine BAYER all important reports of a general nature were submitted to my office for inspection.

(page 2 of original)

6. The same procedure mentioned in Paragraph 1 was adopted between Herr KETTNISS and the deputy plant manager Herr HUBERMAN, as well as other gentlemen, e.g. Dr. PAULSANN, and as far as I know, Prof. BAYER, whereby Herr KETTNISS made his demand for the handing-in of reports a condition for the approval of permits to travel abroad.

TRANSLATION OF DOCUMENT No. NI-8150
CONTINUED

(Page 2 of original, cont'd)

7. I myself have never participated actively in matters of counter-intelligence within the frame-work of the sales combine RAYER in any manner, nor have I ever furnished, suggested or ordered any material whatsoever, except in the case of the KETTNIAS affair.

I have carefully read each of the 2 pages of the above affidavit and have signed them personally, have made the necessary corrections in my own handwriting, and countersigned the same with my initials, and I herewith declare under oath that this statement contains the whole truth to the best of my knowledge and belief.

Signature: Wilh. H. MANN

Sworn to and signed before me this 22nd day of April 1947, at Nuernberg, Germany, by Wilhelm MANN, known to me to be the person making the above affidavit.

Signature: Otto VERBER

U.S. Civilian, A.G.O.# A-444 385
Office of Chief of Counsel for
War Crimes U.S. War Department.

CERTIFICATE OF TRANSLATION

3 July 1947

I, Mary Flack PERRY, 20 136, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of the document No. NI-8150.

Mary Flack PERRY,
20 136

- 2 -
"END"

affidavit

I, Albrecht FOCKE, at present in Nuernberg, after having been fully warned that I make myself liable to punishment if I give a false testimony, state the following, under oath, voluntarily and without coercion.

After having been in business for a long time (from the year 1920), in the autumn of 1938 I took my military test at the German Counter-Intelligence Branch Of Ice in Cologne (I Wi). Subsequently, as a result of promotion tests, and being on leave and discharge on account of the various tensions occurring, I remained at the same of ice. 10 May 1940, after the rest of the office had removed to the French front, I became Director of the Branch Of Ice at Cologne. 18 April 1943, after Oberstleutnant Blach had resigned, I became Gruppenleiter I Wi at the Foreign Counter-Intelligence Office, while retaining my position in Cologne. I kept this post until the spring of 1944, that is, until the time when I Wi (the secret economic report service) was put under Amt VI of the Reich Main Security Office (RSHA) by superior orders within the sphere of the concentration of the entire German reporting service. At this time, I resigned as Director in Berlin, where I was replaced by a Stabschef and retained only my position in Cologne as Commander of the Reporting District Cologne, until its dissolution and my discharge on 1 May 1945. By virtue of this activity I am in a position to make the following statements:

1. The business of the secret economic reporting service (Foreign Counter-Intelligence Service I Wi) was to discover the armament potential of the enemy. The methods by which this goal was to be achieved were the following:
 - a) Working through of everything available, that is, material from native and foreign newspapers, magazines, pamphlets, advertisements, prospectuses, and similar material.
 - b) Survey of business reports and balance sheets.
 - c) Survey and analysis of construction and purchasing projects, enlargements of enterprises and offices.
 - d) By confidential sources.
 - e) By agents.

(signature) Albrecht FOCKE

(page 2 of original)

Here it should be said that the greatest part of this material was by no means secret and that it was above all a matter of separating the usable material which could be utilized from the unimportant, to survey the important connections and to arrange the material correspondingly. The actual evaluation, however, was not the task of Counter Intelligence I Wt, rather of those who were interested in each case, that is, in the economic field, for the most part the Industrial Mobilization (IWO), which received a copy of every economic report as a matter of policy. Another of our jobs was passing on news of importance to trade policy to the Reich Ministry of Economics and to the Trade Policy Division of the Foreign Office. The following should be said about the development of the work: The work through agents took up only a relatively small sphere before the war broke out and during the first part of the war. Only in the further course of the war did it become more important because of conditions which were becoming ever more serious. Before the war a large part of the work consisted in our sending our co-workers to factories, chambers of commerce, libraries, agent offices and economic institutes, in order to obtain the necessary statistical and other material there. Besides that, it should be mentioned that before the outbreak of the war, the I Wt set-up had only a very small staff. Neither before nor during the war did every counter-intelligence office of the General Command have a I Wt-officer. For example, when I came to the Branch Office I Wt in Cologne, this Branch Office was one of the first which got a second officer by my intercession. At first I found only 1 assistant, and then later 2 altogether. Later, then, during the war, the number of personnel at the Branch Office Cologne became correspondingly higher. At the time when I took over the Directorate of Group I Wt in Berlin, that is, the Central Office of the secret economic news service for all of Germany, this Central Office consisted of approximately 12 officers and approximately 12 assistants. From the above-mentioned account, it is clear that before and during the first part of the war we were especially dependent on the sources given under 1. a, b, and on the above-mentioned confidential people. By confidential people may be understood those whose

(signature) Albert Koenig

TRANSLATION OF DOCUMENT No. NI-10419
CONTINUED

(page 3 of original)

connection with the counter-intelligence was more or less a loose one, and who also did not receive a regular salary (at the most, reimbursement for expenses) and who were mostly recruited from people who had business reasons for being in foreign countries.

I have carefully read through each of the three pages of this statement under oath and have counter-signed each in my own handwriting, have made the necessary corrections in my own handwriting and declare herewith under oath that I have told the whole truth in this statement, according to my best knowledge and conscience.

Albrecht POEHL
signature.

Sworn to and signed before me this 3rd day of August 1947, at Murnberg, Germany, by Albrecht POEHL, at present Murnberg, known to me to be the person making the above affidavit.

(signature) Otto WIESSER
Otto WIESSER

U.S. Civilian App. No. 4 - 444 306
Office of Chief of Counsel for
War Crimes U.S. War Department.

CERTIFICATE OF TRANSLATION

14 September 1947

I, Elizabeth A. JOHNSON, Civ. No. B 397941, hereby certify, that I am a duly appointed translator for the German and English languages and that the above is a true and correct translation of Document No. NI-10419.

Elizabeth A. JOHNSON
Civ. No. B 397941

TRANSLATION OF DOCUMENT No. NI-10422
OFFICE OF CHIEF OF COUNSEL FOR WAR CRIMES

AFFIDAVIT

I, Albrecht FÖCKE, at present in Mierberg, after I have been duly warned that I make myself liable to punishment if I make a false statement, hereby voluntarily and without coercion declare under oath:

1. Within the sphere of my activity with counter intelligence I W, branch office Cologne, I contacted among others the enterprises of the I.G. Farben Industrie A.G. in my field. From this period, I know among others Herr KUHN, Herr BRUGGEMANN and Herr Wilhelm Rudolf MANN. My analyst Herr KETNIS was, among others, constantly in contact with the I.G. firms in the vicinity of Cologne (Leverkusen). I know that among others he was in contact with a Herr LANGGUTH in the department Pharma (BAYER), to whom he had been sent by Herr MANN. The material he received from Herr LANGGUTH mostly consisted of excerpts from foreign reports by the BAYER representatives and of the current correspondence material, which we requested. LANGGUTH had been instructed by MANN to forward these things and in this connection, I remember that MANN once complained to me about Herr KETNIS' brusque manner. Other services we received from the I.G. enterprises in the Cologne area, were letters of recommendation to foreign I.G. offices. These letters of recommendation served to make our people appear legitimate to the I.G. offices, as well as mainly to the foreign consular authorities, in order to receive the necessary foreign visa. Here it must be added, that the I.G. office in question in Germany did know that the men in question came from intelligence, without knowing his special assignment, while the I.G. office abroad in most cases was not even informed of the activity of the intelligence.

(handwritten sign.) Albrecht FÖCKE

(page 2 of original)

Within the sphere of the quarterly recruiting and information lectures, which were introduced by me in 1939 (handwritten) the organization of I W Cologne actually only began during the last six months of 1939 which took place in the rooms of the branch office in Cologne, and at which lectures also the affairs of III W field (counter intelligence and protection of foreign espionage) were discussed, the men from I.G. in addition to men from other firms, were also asked to be present. As far as I recall, the following gentlemen, among others, took part: The factory director of I.G. Farben Leverkusen director KUHN, director BRUGGEMANN and the counter intelligence representative of the enterprise. At the time I started, the director of I W of

(page 2 of original, cont.d.)

the branch office, the former Major SERVUS introduced me at the other firms and also at I.G., namely to director BRUEGGEMANN. The above mentioned activity in connection with I.G. Farben existed before the outbreak of the war only to a small extent, and increased somewhat during the war. With regard to this, I would like to state, that I as a counter intelligence officer was often not satisfied with this cooperation, because in my opinion (the opinion of a counter intelligence officer) it could have offered more. With regard to this I have to say, that there were violent clashes between myself and the above mentioned leading persons of the I.G. because of this work, because these people were afraid for their economic interests in case of an unexpected occurrence ("Panne") and because of this were not willing to cooperate in individual cases for these economic reasons. The reason for this was, in my opinion economic motives (fear of business losses in case of discovery abroad). When answering a question by the central office in Berlin (Obstlt. BLOCH) which among other things wanted to know about the relationship with the I.G. in my district, it was my duty to point to the lack of cooperation which existed in my opinion. This resulted in a discussion of basic questions of all I WI-officers, in whose districts I.G. enterprises were located and of all I.G. counter intelligence representatives, in the summer of 1939 in Frankfurt am Main in the rooms of the I.G. The chairmen of this meeting were v.d. HEYDE and Obstlt. BLOCH. The results did not fulfill the expectations.

(handwritten sign.) Albrecht FOCKE

(page 3 of original)

2. I cannot say anything about the details of the various contacts during the period of my activity in Berlin, because I was the director of the central office and the individual reports came to me without mentioning the source, for reasons of principle. Principly it can be stated, that the Berlin central office did not have contact with Berlin firms and offices during my time, however, this contact went through the I WI officer at the General Command in Berlin, who was competent for the individual contact. I know from my predecessor Dr. BLOCH that he too only dealt with those matters and contacts, which were of basic importance and that the individual actions were left up to the local I WI officer.

I have carefully read through everyone of the three pages of this statement and have signed it myself, I made the necessary corrections in my own handwriting and initialed it and hereby declare under oath, that according to my best knowledge and conscience I have told the whole truth.

(handwritten sign.) Albrecht FOCKE
signature

(page 3 of original, cont,d.)

Sworn to and signed before me this 22nd day of August 1947 at
Nurnberg, Germany, by Albrecht FOCKE, at present in Nurnberg,
known to me to be the person making the above affidavit.

(handwritten) Otto VERBER

Otto VERBER

U.S. Civilian, AGO - No. A - 444 380
Office of Chief of Counsel for War
Crimes, U. S. War Department

CERTIFICATE OF TRANSLATION

14 September 1947

I, Monice ERLACH, Civ., No. B - 397 940, hereby certify that I
am a duly appointed translator for the German and English languages
and that the above is a true and correct translation of the
document No. NI-10422.

Monice ERLACH
B-397 940

AFFIDAVIT

I, Dr. Erich v. d. HEYDE, having been cautioned that I render myself liable to punishment for false testimony, make the following statement under oath, voluntarily and not subject to duress:

Supplementary to paragraphs 5 and 6 of my statement of 1 May 1947, I wish to state as follows:

I can no longer remember the details of the reports to Counter-Intelligence I, mentioned by me in the two paragraphs in question. I do remember, however, that they were of a generally economic character, i.e., they described conditions in the respective country -- now and then, very likely, with a view to the political situation. Most of the time, they dealt with problems of currency in Germany, questions referring to foreign trade between foreign countries, and problems of marketing U.S. products -- occasionally in connection with production in the countries concerned. Documents which were received through the Economic Department (WV/1 - Volkswirtschaftliche Abteilung) also contained foreign trade statistics etc..

I have carefully read the foregoing affidavit and countersigned it with my own hand, have made and initialed the necessary corrections in my own hand, and herewith swear that this statement contains the full truth, to my best knowledge and belief.

(signature) Dr. Erich von der HEYDE
signature

Sworn to and signed before me this 2nd day of May 1947,
at Nuernberg, Germany, by Dr. Erich v. d. HEYDE, known to me to be
the person making the above affidavit.

(signature) Otto WENGER
Otto WENGER

U.S. Civilian AGO-No. 11 544 586
Office of Chief of Counsel for
War Crimes
U.S. War Department

(page 2 of original)

A F F I D A V I T .

I, Dr. Erich v.d. HEYDE, having been cautioned that I render myself liable to punishment for false testimony, make the following statement under oath, voluntarily and not subject to duress:

1. I was born 1 May 1900 in Hongkong, came to Germany in 1906; attended school in Bremen till 1916 and in Weimar from 1916 to the spring of 1918, and then served in the Armed Forces from May 1918 to the end of the war. I studied and practised agriculture at the Technische Hochschule (Technical University) in Munich, from 1919 to 1924. From 1925 to 1926 I was employed by the Bayerische Hochschulverwaltung. From 1926 to 1935 I worked in the agricultural department of I.G.-Farben in Austria (Ludwigsdorf). From 1935 to 5 September 1940 I acted as consultant for nitrogen and agricultural economy with Apo Berlin, later on I held other essential jobs in addition and acted as Counter-Intelligence agent since middle of 1938. On 5 September 1940 I was called into the Armed Forces and, till the end of the war, I worked in the Armed Forces Replacement Inspectorate (Wehrersatzinspektion), the Armament Inspectorate (Ruestungsinspektion), the Armament Detachment (Ruestungsabteilung) and in the Military Economy Department (Wehrwirtschaftsabteilung) of the Military Economy and Armament Office (Wehrwirtschafts- und Ruestungsamt). As from 5 September 1940 up to the second quarter of 1941, I occasionally worked for I.G., including work in the newly established Office ... (Suero ...)

2. Since 1934 I was member of the Reitersturm 7 (Cavalry company) of the General SS. My membership in this Reitersturm lasted until end of 1936. The last rank I held was that of Haupt-scharfuhrer. I automatically continued to be a member of the General SS, and when I was appointed Counter-Intelligence agent of I.G. plant Berlin W.G. 7, in the middle of 1938, I was transferred to the Reich Main Security Office (Reichssicherheitshauptamt). At the time of my transfer, I held the rank of Hauptscharfuhrer. About the end of 1938 I was promoted to the rank of Untersturmfuhrer, 1 year later to that of Obersturmfuhrer, and in the middle of 1940 I was promoted to Hauptsturmfuhrer. These promotions came to me during my service as Counter-Intelligence agent of plant Berlin W.G. 7. From 1 May 1937 onwards I was a member of the NSDAP.

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3. I knew that Counter-Intelligence agents in general as well as the Chief Counter-Intelligence agent of I.G. were registered with the Reich Main Security Office. Their appointment was confirmed both by Counter-Intelligence as well as by the Reich Main Security Office. At the request of the Counter-Intelligence officer concerned, the names of prospective Counter-Intelligence agents were proposed by the Betriebsfuhrer and, if acceptable, the appointments were made by the afore-mentioned government offices. The agents were responsible both to the above government offices as well as to the Betriebsfuhrer. In my own case, my appointment was proposed by Dr. H. ILGEN, and it was my duty to keep him informed on important matters. This was particularly so with Dr. ILGEN, who always gave me the impression of being a most autocratic type of Betriebsfuhrer.

(page 3 of original cont'd.)

4. In the course of 1938 and owing to the various political crises, the possibility of war and general mobilization became increasingly imminent, and I was requested by my department chief, Dr. G. TITMANN, to attend to the so-called M-Prage (M-Prage), i.e., to the war essential jobs in plant N.H.7. In the middle of 1938, the same considerations led to my being proposed by Dr. ILGNER for the post as Counter-Intelligence agent for I.G. Berlin N.H.7., to be charged with Counter-Intelligence functions, and my appointment was subsequently confirmed. These steps were taken for the reasons mentioned above, and were due to the obvious imminence of the outbreak of hostilities.

5. My function as Counter-Intelligence agent consisted in carrying out security measures against espionage and violations of secrecy, falling within the competence of Counter-Intelligence III. In addition, reports from foreign countries, the contents of which were of general interest but not of a purely business character, were to be passed on to Counter-Intelligence I.

6. A short time afterwards, I was requested by my department chief Dr. G. TITMANN to assist Major BLOCH. As a result, an arrangement was made whereby information for reports to be passed on in the manner described in paragraph 5. Reports handled by I.G. Berlin N.H.7.

(page 4 of original)

generally passed from the office of the Commercial Committee to the office of Dr. ILGNER; from there, they were generally passed on to the I.G. distribution. I took over the connection with Major BLOCH from my department chief Dr. Heinrich G. TITMANN. I was also requested by Major BLOCH to notify him of the presence of any of our foreign sales agents in Berlin. In such instances I used to telephone Major BLOCH, and he decided whether he wished to see the person concerned. If he did, the respective sales agent had to meet, with Major BLOCH. I cannot remember the names of the gentlemen who met Major BLOCH in this manner, but I definitely know that this was the usual procedure.

7. At the time I was charged with the handling of Counter-Intelligence problems, Dr. ILGNER notified I.G. N.H.7 of my duties as described above, and requested the members of I.G. Berlin N.H.7 to give me their full co-operation in the execution of these tasks.

8. Office A. (Bureau A.) was established about the middle of 1940, shortly after Dr. Christian SCHEIDT had been appointed Chief Counter-Intelligence agent, and was set up in order to coordinate the activities of Counter-Intelligence agents in commercial matters. I was appointed chief of this office. I discussed all questions of common interest with Dr. PIERMANN, the chief functionary for Counter-Intelligence problems of a technical nature, who was in charge of the Vermittlungstelle (I.G. Farben's Military Liaison Office). As far as I know, the Counter-Intelligence agents for technical subjects had already been appointed at a much earlier date than in plant N.H.7. In all instances where sales combine and production plant were located together, the Counter-Intelligence agent, as far as I remember, was responsible for both the commercial and technical aspects of probl

(page 4 of original cont'd.)

Contact with Counter-Intelligence I was established either through Office A (Buero A.) which received foreign reports from the different commercial organizations for the purpose of distribution, or directly through the local Counter-Intelligence agent to the local Counter-Intelligence officer, the latter procedure being the more frequent. Only in the rarest of cases did Office A receive reports from the sales companies. The majority of reports received originated with plant N.M.7, and the contents of these reports were primarily

(page 5 of original)

of a general nature. I.G. Berlin N.M. 7 was particularly well equipped to furnish reports of this type, because the office of the Commercial Committee received, for example, reports from I.G. Verbinde, successor (Hilfsamt) of the Economic Division, thanks to its contacts, was kept supplied with subject matter of generally economic character. The commercial executives evinced a certain dislike towards this, as they feared such leaks might prove detrimental to the commercial activity of I.G. agents abroad.

9. From time to time, I sent reports to Dr. Christian SCHNEIDER, Chief Counter-Intelligence agent, and he, to my knowledge, reported on all these interrelated problems to the Vorstand meetings and was responsible to the Vorstand.

10. Although I was never released from my function of Counter-Intelligence agent of I.G. Berlin N.M. 7, Dr. RUDIGER actually took over after I was drafted into the Armed Forces. While serving in the Army, I was given opportunity to carry on to a certain extent, as my military unit used to release me for this purpose, from time to time, say for approximately 1 - 2 hours a week.

I have carefully read each of the four pages of this affidavit and countersigned it with my own hand, have made and initialed the necessary corrections in my handwriting, and declare herewith under oath that my statement is absolutely true, to the best of my knowledge and belief.

(signature:) Dr. Erich v.d. HEYDE

Sworn to and signed before me this 1st day of May 1947, at Goernberg, Germany, by Erich v.d. HEYDE, known to me to be the person making the above affidavit.

(Signature:) Otto VERBER

Otto VERBER
U.S. Civilian - 100,000 - 44-365
Office of Chief of Counsel for War Crimes
U.S. War Department.

CERTIFICATE OF TRANSLATION

12 June 1947

I, ANNETTE WALLACH, No. 20101, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of the document No. NI-6658.

ANNETTE WALLACH
No. 20101

Affidavit

I, Dr. Christian SCHNEIDER, having been duly warned that false statements on my part render me liable to punishment, declare herewith on oath, voluntarily and under no duress, as follows:

1. The passing on of foreign reports to the Counter-Intelligence was already customary before the war and before I took up my activities as chief Counter-Intelligence agent of the I.G. I do not know in which way they were passed on, but I suppose that this was done through the Counter-Intelligence agents of the individual plants.
2. After taking over the job of chief Counter-Intelligence agent of the I.G. I had a meeting with Admiral CASARIS in which the future cooperation between the I.G. and the Counter-Intelligence was discussed. Admiral CASARIS expressed the wish that this cooperation should become far closer and more intensive in the future than it had been up to now. I reported to the chairman of the Vorstand, Geheimrat Hermann SCHWITZ, about this meeting.
3. Originally when building up the organization of the Bureau A, it had been the idea that the liaison to Counter-Intelligence should be handled by one central office of the I.G. what resulted in practice was that at the demand of the O.F.W. the connection went through the Counter-Intelligence agents of the Werke and the District Counter-Intelligence Officers of the O.F.W. Matters such as the employment of members of the Counter-Intelligence with the foreign agencies of the I.G. were handled by the individual sales combines or by Berlin NW 7 itself.
4. In order to achieve the cooperation which I had discussed with Admiral CASARIS I explained the functions of the Bureau A during a meeting of the Betriebsfuehrer and I asked the Betriebsfuehrer who were present to give me their help in these matters.
5. As far as I know the Chief of the Bureau A Herr v. d. HEYDE, had already been entrusted with the liaison to the O.F.W. before I took up my activities. In his capacity as Chief of the Bureau A he must be regarded as a central intermediary in Counter-Intelligence matters. His job was to coordinate the work of the Counter-Intelligence agents in connection with the above matters, as well as in connection with other tasks of the Counter-Intelligence Agents i.e. the countering of espionage and sabotage in the various I.G. plants. Among other things it was also the duty of the Counter-Intelligence Agents to report cases of sabotage and the individuals responsible

(page 2 of original)

herefor to the competent local Counter-Intelligence authorities and the Gestapo.

TRANSLATION OF DOCUMENT No. NI-6648
CONTINUED

(page 2 of original cont'd)

6. After the Counter-Intelligence had been taken over by the Reich Main Security Office VI (SOBELLEBERG) my position as Chief Counter-Intelligence Agent was not re-confirmed.

I have carefully read through each of the 2 pages of this affidavit and signed them personally, I have made the necessary corrections in my own handwriting and countersigned them with my initials and I declare herewith on oath that this statement contains the pure truth to the best of my knowledge and belief.

signature: Dr. Christian SOBELLEBERG
signature

Sworn to and signed before me this 19th day of April 1947, at Muenberg, Germany by Dr. Christian SOBELLEBERG, known to me to be the person making the above affidavit.

signature: Otto VERGER
Otto VERGER
U.S. Civilian, AGO-# A 44 365
Office of Chief of Counsel for
War Crimes U.S. War Department

CERTIFICATE OF TRANSLATION

14 June 1947

I, Julia FERR, Civ.No. 030 099, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of the original document No. NI-6648.

Julia FERR
Civ.No. 030 099.

AFFIDAVIT.

I, Christian SCHNEIDER, from 1938 - 1945 member of the Vorstand of the I.G. Farbenindustrie A.G., after having been duly warned that false statements on my part will make me liable to punishment, herewith state the following under oath, voluntarily and under no duress:

1. The list of Counter Intelligence Agents within the I.G. is as follows:

Chief Counter Intelligence Agent of the I.G. up to the year 1944 was I, Dr. Christian SCHNEIDER.

Ludwigshafen: At first, Justizrat WÄGNER, later on HOPMANN of the Social Welfare Department.

Leuna: At first, the Lawyer von den ROTFELSER and later on Herr SCHAMBERS of the Legal Department, then Dr. SUTTOR.

Stropau: Herr EKSTRÖM of the Personnel Department.

Grünberg(Frankfurt): The Commercial Director Carl von HEIDE.

NW 7 - Berlin: Herr von der HEIDE and after him Herr RUEDIGER.

Ritterfeld: Director von der BEY.

Wolfen: Director Dr. KIRKING.

SO - 36 (Acfs- and Rayon Sales Dept.): Herr HERMANN.

Leverkusen: Herr VAUFEL, later on SESSL ?

Auschwitz: Herr NIEPMANN.

2. Herr von der HEIDE, Director at Berlin NW 7, was also a member of the SS and in 1939/1940 I once saw him in SS uniform.

3. In my capacity of Chief Counter Intelligence Agent I received short resumes from the "A Bureau" (Counter Intelligence) in Berlin, which was at first in charge of Herr von der HEIDE and later on of Dr. DIEHMANN, and was finally managed by Herr RUEDIGER. These reports arrived at longer intervals, and in addition we received an annual summarized report. If I happened to be in Berlin, I paid an occasional visit to the "A Bureau",

(Page 2 of original)

where I discussed matters of current interest with the officials.

4. The main items reported to me by the "A Bureau" were general measures. The principal factor of the cooperation with the OKW was the close collaboration between the Counter Intelligence Officers in the various districts and the Counter Intelligence Agents of the I.G. To achieve this collaboration the Wehrmacht held 3 conferences with the I.G., which were also attended by Major BLOCH and Colonel PIEPENBROCK of the Counter Intelligence Service.

6. Staff members of the I.G. travelling abroad, had to give the Counter Intelligence an exact account of matters seen and experienced during their journey, when they returned. It also happened sometimes, that Counter Intelligence Officers or Counter Intelligence Agents approached some of the members by order of the OKW with the request that they should pay special attention to particular matters during their travels abroad. The matters in question were mostly of an economic nature, such as the construction of new factories, production etc. and the political situation. Whenever the Wehrmacht approached us with the request to watch out specially for various happenings abroad during our travels, this request was transmitted to us by the BdKA, which was in charge of Herr FRANK-FAHLE. The "A Department" was really more of a link. I also discussed these points briefly with Herr FRANK-FAHLE.

7. Reports which we received from our I.G. Verbindungsmänner abroad, were passed on to the interested Reich agencies and also to the OKW.

(page 3 of original)

I have carefully read each of the 3 (three) pages of the above affidavit and signed them personally, have made the necessary corrections in my own handwriting and countersigned same with my initials, and herewith declare under oath, that this statement contains the pure truth to the best of my knowledge and belief.

Nuernberg, 18 April 1947

Signature: Dr. Christian SCHNEIDER

Sworn to and signed before me this 18th day of April 1947 at Nuernberg by Christian SCHNEIDER known to me to be the person making the above affidavit.

Signature: Peter H. MILLER

U.S. Civilian, #CO number D-145338
Interrogator, Office of Chief of
Counsel for War Crimes,
U.S. War Department.

TRANSLATION OF DOCUMENT No. NI-6647
CONTINUED

CERTIFICATE OF TRANSLATION

14 June 1947

I, Julia KEER, Civ.No. 030 099, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of document No. NI-6647.

Julia KEER,
Civ.No. 030 099

TRANSLATION OF DOCUMENT No. HI-1333
OFFICE OF CHIEF OF COUNSEL FOR WAR CRIMES

33A 470

4 October 1940
de H(aas)/Fro

Minutes of Mail Conference No. 217

Those present: Frank-Fahle (Chairman)
Passarge
Helfert
Terhaar
Kong
Gierlich
Silcher
Jacobsen
Boehm
Saxer
Fietzer
v.d. Heyde
Boehm
Mueller/Foreign Exchange Dept. (Dev.)
Hanzo
de Haas (later)

I. News Office.

Copy

Not on the Agenda: Handling of Forces Newsletter.

Herr Mathesius was appointed for the compilation of the next Forces Newsletter in place of Passarge, who was then absent.

Not on the Agenda: Cellophane.

Passarge gave information on the circular letter of a Swiss firm, in which their own make of cellophane was extolled and the purchase of German cellophane discouraged. This circular letter was forbidden by the Swiss Authorities.

Not on the Agenda: Opening of Bratislava Explosives Factory.

Passarge reported on the opening ceremony for the first section of the building of the D&G Explosives Factory, Bratislava.

II. Administrative Department.

Not on the Agenda: Start of Work.

After rather a long discussion on the expediency of postponing the start of work in the event of an air raid warning, Frank-Fahle decided that until further notice the commencement of work would be postponed for an hour if there were a two-hour warning, but the end of work would remain the same if possible. In the case of overtime which still became necessary, however, no overtime was to be paid within the limits of the hours allotted. Entries upon commencing duty continued to be made as before. On the basis of experience gained meanwhile, this order should be discussed again later on.

(page 2 of original)

III. Department of the Directorate.

1) Journeys abroad.

Passarge reported that at the invitation of the IZ he and Reithinger were accompanying a journalist's tour through Italy, Passarge taking part as the representative of the German-Italian Study Foundation, guide and interpreter, while Reithinger was accompanying the tour as a member of I.G.

Bachem and Gierlichs will go to Switzerland on Tuesday, 8 October.

Dr. v. Schriteler and Terhaar will probably go to Brussels.

Saxer gave the information that Ilgner, accompanied by Reithinger, would probably begin his journey to the South-East, i.e. Bulgaria and Rumania, on 25 October. The journey to Yugoslavia and Hungary would not take place until later.

Gierlichs will presumably have to go to Budapest. In connection with this Terhaar called attention to the German Mark credits in Hungary. A discussion on this, with Frank-Fahle, Terhaar, Bong and Honae participating, was agreed on for Wednesday, 9 October at 4.30 p.m.

IV. Legal Department.

Copy.

V. Office of the Commercial Committee.

1) Commercial Committee.

Frank-Fahle reported on the last meeting of the Commercial Committee on 25 September, and stated the following in addition to the minutes.

On Holland: Frank-Fahle requested the individual departments currently to give information in the Mail Conference as to which firms were of interest to the I.G.

On the question of mobilization: Frank-Fahle stated that Director Schneider, Leuna, was now the I.G. Chief Commissioner for Abwehr. Von der Heyde is Commissioner for Abwehr for the commercial interests and Dickmann of the Vermittlungsstelle for the technical interests. At the same time the Head Office for Abwehr at Leverkusen has been reduced to a mere local Abwehr office. The questions arising from this with reference to the transfer of the pictorial record etc. will be discussed by v.d. Heyde and Dickmann with Dr. Kuchme, Leverkusen. V.d. Heyde and Passarge will previously have discussed the special problems relating to the pictorial record.

On Spain: Frank-Fahle stated that there is a plan to send Weiffenbach and Langenhain to Spain. Langenhain will spend an instructional period

(page 2 of original, cont'd)

of 4 weeks in the copper foundries and 3 weeks in Ludwigshafen.

Furthermore the question of acquainting the Office of the Commercial Committee with all projects pending in Spain was discussed in the Commercial Committee.

(page 3 of original)

Bomb damage. According to Gierlichs' statement, Dr. v. Krieger and Dr. v. Schatzler will probably make a note of the item "Notification of Bomb Damage", on the Agenda of the Commercial Committee. Gierlichs called the attention of the departments of NW 7 to the suggestions arising therefrom.

Circular letter from the departments of NW 7 to the members of the Commercial Committee. At Saxon's instigation, Frank-Fahle decided that the dispatch of circular letters by individual departments of NW 7 to members and participants of the Commercial Committee was to take place in the closest agreement with the Office of the Commercial Committee, in order always to use the correct distribution list.

Frank-Fahle stated that the next meeting of the Commercial Committee would take place on 12 November.

Not on the Agenda:

Visit of the Bulgarian Minister of Agriculture Bagrianoff.

V.d. Hoyde gave information on the visit of the Bulgarian Minister of Agriculture taking place on 7 October, at the invitation of Minister Darré. The Bulgarian embassy will arrange a reception for him, to which Ilgner, Krueger and Ahlgrim will be invited.

Finland.

Frank-Fahle communicated the request of Herr von Fieandt, former Finnish Minister of Supplies, for German material. The Vowi will make this material available.

Items V, 2,3; VI, 1,2,3; VII, 1, ^{and VIII, 1,} were postponed until the next Mail Conference on Tuesday, 8 October.

signed. Signature: Frank-Fahle

TRANSLATION OF DOCUMENT No. NY-1333
CONTINUED

CERTIFICATE OF TRANSLATION

18 September 1947

I, Patricia WOOD, AGO No. 20139, hereby certify that I am a duly appointed translator for the German and English languages and that the above is a true and correct translation of the document No. NY-1333.

Patricia WOOD
AGO No. 20139

A F F I D A V I T

I, Heinrich DIEHLAND, Hirschhorn am Neckar, Jahnstrasse, after having been cautioned that I render myself liable to punishment by making a false affidavit, state herewith voluntarily on oath without having been subject to any coercion.

From 1936 to the end of the war, I worked in the liaison office W of the I.G. Farben Industrie A.G. Based on this activity, I am in the position to make the following statements:

1. In 1937/38 I appointed Counter-Intelligence agent for the Liaison office W and in 1940, at the time when Dr. Christian SCHNEIDER became Chief Agent of the Counter Intelligence for the I.G., I was appointed Deputy Counter Intelligence agent for the technical questions in the plant. I knew, before my appointment in 1937/38 that there was a Counter Intelligence office in Leverkusen, which was under the control of Herr K. REECK. At the time of my appointment, the authorities requested that a special Counter Intelligence agent should be appointed for our office (Liaison Office W) because the office in Leverkusen was not sufficient. I do not know what Herr REECK and the office in Leverkusen had to do with group W of the Counter Intelligence. The only thing which I remember of such a contact at this time, is the fact, that according to the reports of Herr REECK informations from abroad were sometimes transmitted to the O.K.W. I know from the time of my own activity that I was requested several times by officers of the Counter Intelligence I, to obtain informations from our technicians who went abroad. Since, however, I did not want to have anything to do with these things and my technical superiors gave me an analogous order to refuse, I transmitted these requests to my commercial colleague, Herr v.d. HEYDE. During the war the following procedure applied:

When I learnt that technicians went abroad, I told the gentlemen that they should report in Berlin at the Liaison Office W, later on at the office A. Then the Chief of the Office, Herr HORN, contacted these people to Herr v.d. HEYDE or his deputy, later to his successor Herr RUDIGER.

signature DIEHLAND

(Page 2 of original)

2. I know that already before the war, I was occasionally asked for information regarding technical questions, by the gentlemen of the War Economy staff. For instance I can remember that I was asked for information regarding the nitroben plants in England (Shadow factory). During the war we were asked to put pictures of industrial plants in enemy countries at the disposal of the Wehrmacht. I also can remember that photos of the German Luftwaffe were put before me and I was asked to give a technical explanation of these pictures. Generally I would like to state that my original aversion against this contact with the counter intelligence I, resulted in the fact that this contact chiefly went by way of my colleagues from the consular department. However, I do not know anything about extent of the co-operation.

3. During the time when I held the position of the Counter Intelligence Agent and also later on, I always regarded it the task of a Counter Intelligence Agent to protect the works and plants against sabotage and espionage of foreign powers. The responsibility which the counter intelligence agents undertook, was an obligation towards the Counter Intelligence III whose task consisted in the protection against sabotage and espionage already mentioned. The work for Counter Intelligence I was not included in the duties of the Counter Intelligence Agent and that was the reason why I was not prepared to take part in it.

I have carefully read foregoing affidavit consisting of 2 pages, have counter-signed it with my own hand, have made the necessary corrections in my own handwriting and initialed them and I declare on oath that it is the full truth to the best of my knowledge and belief.

signature: Heinrich DIEGLANN

Shown and signed before me this 3rd day of September 1947, at Nuernberg, Germany, by Heinrich DIEGLANN, Hirschhorn am Neckar, Jahnstrasse, known to me to be the person making the above affidavit.

signature: Otto VERGER
Otto VERGER
U.S. Civilian, AGO-No. A-444 385
Office of Chief of Counsel for
War Crimes, U.S. War Department

TRANSLATION OF DOCUMENT No. NI-10924
CONTINUED

CERTIFICATE OF TRANSLATION

22 September 1947

I, Fred LAX, X046207, hereby certify that I am duly appointed translator for the German and English languages and that the above is a true and correct translation of the document No. NI-10924.

Fred LAX
X046207

- 2a -
"END"

TRANSLATION OF DOCUMENT No. NI-6515
OFFICE OF CHIEF OF COUNSEL FOR WAR CRIMES

Reich Group Industry
Registered Letter!

Tel.: Local 21 83 21
Long Distance 21 46 83

Telegraphic
address:
Reichsindustrie

Berlin W 35, 23 Sept.
1938
Tirpitzufer 56/58

Central Office Secret! Registered Letter!

Secret! - D 622 g

Journal No. 2920/S₁/38

Industrial Departments of the
Chambers of Industry for information
Economic Groups of the Reich
Group Industry for handling

Subject: German Engineers
in Foreign Countries.

The High Command of the Navy has sent us the communication reproduced below:

"The High Command of the Navy has a report according to which German Engineers who work for their German company in foreign countries are said to have an opportunity of getting a very deep insight into the organization and the stage of technical development of the Armed Forces of the foreign country in question. Unfortunately, however, the engineers had been careless in that they reported concerning these observations in letters, without stopping to think that the letters are examined.

The High Command of the Navy requests that all companies in question be advised, in order that they may caution their engineers who are active in foreign countries to be particularly careful and to warn them, above all, about putting their observations in writing as long as they are in a foreign country."

We request that the economic groups instruct those of their member firms who send German engineers to foreign countries in a suitable manner and in strict confidence (for instance, in strictly confidential individual communications or in verbal consultations and gatherings).

Heil Hitler!

Central Office

(signed) H. Duering

(page 2 of original)

Secret Registered Letter.

2 copies

I.G. Farbenindustrie A.G.,
Security Service, I.G. Central Office,
Levorkausen I.G. Plant

15 October 1938

Bg./Sch.
D 667 g - Tw Ch/1

Subject: German Engineers in Foreign Countries.

Below we inform you of a communication from the Reich Group Industry of 23 September 1938, Journal No. 292/S/30, with the request that you do what is necessary, in so far as you have not already been informed by others concerning this. Allow us to call particular attention to the last paragraph concerning the method of transmittal.

*The High Command of the Navy has sent us the communication reproduced below:

The High Command of the Navy has a report according to which German Engineers who work for their German company in foreign countries are said to have an opportunity of getting a very deep insight into the organization and the stage of technical development of the Armed Forces of the foreign country in question. Unfortunately, however, the engineers had been careless in that they reported concerning these observations in letters, without stopping to think that the letters are examined.

The High Command of the Navy requests that all companies in question be advised, in order that they may caution their engineers who are active in foreign countries to be particularly careful and to warn them, above all, about putting their observations in writing as long as they are in a foreign country.

We request that the economic groups instruct those of their member firms who send German engineers to foreign countries in a suitable manner and in strict confidence (for instance, in strictly confidential individual communications or in verbal consultations and gatherings).

Heil Hitler!
Central Office
(signed) M. Diering

Heil Hitler!
Economic Group Chemical Industry
The Business Manager

CERTIFICATE OF TRANSLATION

3 September 1947

I, HERBERT RODECK, No. B 397499, hereby certify that I am a duly appointed translator for the German and English languages and that the above is a true and correct translation of the document No. NI-3515.

HERBERT RODECK, No. B 397499.

TRANSLATION OF DOCUMENT No. NI-7796
OFFICE OF CHIEF OF STAFF FOR THE G.I.'S

I.G. Farbenindustrie 'Kontakgesellschaft
Vermittlungsstelle'

I.G. Farbenindustrie A.G.
Office of the Directorate of Sparte I
for the attention of Director Doctor GOLDBERG

L u d w i g s h e i m / Rhine

Oppen Works

Initial: M 10 May Initial: GJ

Initial: M 11 May

Stamp:

Military Economic Staff and Military Economy Office

8 May 1939

No. 3842/secret Enclosure 1 (a. 8 98

Dr. Di/Sch.

Ms. 6 May, Initials M1
Department III, New Materials

Ms. 70/24

4 May 1939

English Stand-by Plants for the Production of Primary Nitrogen at
Hosand near Glasgow and Perthyr Dyffil near Cardiff.

Ms. The enclose for your information a letter from the Intelligence De-
partment of the Stickstoff-Syndikat (Nitrogen Syndicate), from which
Original: we learn that the British War Office has also spotted two stand-by
Announcements plants for the production of primary ammonia on fortified sites in
6 May North and West England. The plants have been spotted by the I.C.I.
1) a 1/2 Judging by the capital invested, which amounts to approximately
2) a 1/2 15 million £ per plant - current being drawn from outside sources -
3) Military we estimate the production capacity of each of the plants at approx.
Economy Office 30 - 50,000 tons of nitrogen per year, in the form of ammonia.
"V. 6 May
(remainder The two plants mentioned above, with a total production capacity of
illegible) from 60 - 100,000 tons of nitrogen per year, would, if the above
estimate of capacity is correct, probably be able to cover the
entire requirements of primary nitrogen of the British plants for
the production of highly concentrated nitric acid, even should the
Billingham plant be put out of action.

Vermittlungsstelle'

Stamp: VERMILT

Enclosure:

Letter from the Nitrogen
Syndicate, dated 2 May 1939

TRANSLATION OF DOCUMENT No. NI-7796

CONTINUED

(page 1 of original cont'd)

Copies to : Director Dr. KROUCH, Berlin W-9
Senior Government Councillor Dr. MURCK,
OV, Military Economic Staff, Berlin W-35
Dr. Willfroth, Launa

s. for the files, 311 May
Armaments (remainder illegible)

Registered

I.G. Farbenindustrie Aktiengesellschaft
Vorstand : Hermann Schmitz, Chairman. Chairman of the Aufsichtsrat : Carl Bosch.

Fritz Gajewski, Heinrich Heerlein, August v. Kniprath,
Carl Krauch, Fritz ter Meer, Christian Schneider,
Georg von Schnitzler, Otto Ambros, Max Fruehaufmann,
Ernst Buerlein, Heinrich Spatofisch, Bernhard Fahl,
Paul Meffler, Max Elger, Constantin Jacobi,
Friedrich Jachse, Hans Kuschke, Carl L. Leubenschlaeger,
Wilhelm Mann, Heinrich Oster, Wilhelm Otto,
Otto Scherf, Hermann Seibel, Hans Wether, Eduard Weber-
Andres, Carl Wurster.

(page 2 of original)

STICKSTOFF-SYNDIKAT
Gesellschaft mit beschränkter Haftung

Telegraphic Address: Teletypographic Address Telephone :
Düngestickstoff Berlin W 1 353 2. Floor 0024

Business Hours:
0800 - 1700 hours
Saturdays, 0800 - 1330 hours

Bankers:
Postcheck-Konto Berlin 63957
Reichsbank-Giro-Konto Berlin

Stamp : In: 3 May 1939
Vermittlungsstelle
Out :

I.G. Farbenindustrie Aktiengesellschaft
Vermittlungsstelle

Berlin W 7
Neustädtliche
Kirchenstrasse 9

Berlin W 7
Unter den Linden 82

Your ref.: Your letter of: Our ref. (to be quoted when replying)
Statistics Dept.
Dr. Ro/Se 2 May 1939

(page 2 of original cont'd)

Subject : "Shadow Factories" in England.

With reference to the telephone conversation held with Dr. BIEGONSKI today, we give you, in the following, documentary evidence of the construction of the two plants for the production of ammonia in Mossend and Motherwell, which are being erected by Imperial Chemical Industries Ltd., on behalf of the War Office.

1) Mossend.

The new plant for the production of ammonia in Scotland is being erected at Mossend, 15 kilometres west of Glasgow, on a 25-acre site acquired from the Mossend Steel Works (Colvilles Ltd.). By agreement with the War Ministry, I.C.I. has already begun construction. The Clyde Valley Electrical Power Company, Ltd. has worked out plans for the erection of a new power station. The old Mossend Steel Works produced munitions during the war and, since then, had had little work to do. A few years ago, ownership of the works was transferred from the firm Wm. Baird & Co. Ltd. to Colvilles Ltd. (The Chemical Trade Journal 101 No. 2633 of 5 November 1937, Page 412).

I.C.I. Ammonia Plant. The erection of the new I.C.I. plant for the production of ammonia is being carried out with all possible speed. The whole plant will be completed by the end of the year, and will thus be able to go into production at the beginning of next year. The Clyde Valley Electrical Power Company, Ltd. will erect a branch works to supply the plant. (Financial Times 15 251 of 10 January 1938).

Steps:

Appendix to No. 3842/1939 secret Military Economic Office - Department IV

Appendix to No. 1508/1939 secret Military Economic Office - Department IV

TRANSLATION OF DOCUMENT D.427-7796
CONTINUED

(page 3 of original)

STICKSTOFF-SYNDIKAT GESELLSCHAFT MIT BESCHRÄNKTER HAFTUNG
BERLIN N^o 7

I. O. Vermittlungsstelle
Berlin N^o 7

Our ref.: Statistics Department date 2 May 1939 page - 2 -

The plant erected by I. O. I. in Mossend, Lanarkshire, is nearing completion and will probably go into production next spring. (The Chemical Trade Journal 103 No. 2691 of 16 December 1938, Page 563).

2) Merthyr Tydfil

Imperial Chemical Industries, Ltd. are building for the Government, at Merthyr Tydfil, about 24 kilometres north-west of Cardiff, at a cost of more than a million pounds, a factory similar to that under construction at Mossend, Lanarkshire. (The Chemical Age XXXIII No. 982 of 23 April 1938, Page 331).

A large, state-owned plant for the production of ammonia is being erected by I. O. I. at Merthyr. The costs may amount to 2 million pounds Sterling (Chemical Trade Journal 102 No. 2660 of 13 May 1938, Page 401).

Decision of a Special I. O. I. Factory.

The British Government has finally decided to approve the erection of a special I. O. I. factory for the production of chemicals to be used in the manufacture of armaments. Rough estimate of costs, 1 million pounds. Decision to purchase machinery at a cost of 150,000 said to have been made already. Completion date, about 18 months hence. Staff, 300 men. Initial costs low, as the supply of electric current can be drawn from the Troforest Electricity Works. (Nachrichten für Ausserhandel 174 of 29 July 1938).

STICKSTOFF-SYNDIKAT
Gesellschaft mit beschränkter Haftung.

CERTIFICATE OF TRANSLATION

5 September 1947

I, Beryl C. BESTICK, AGO No. D-427 459, hereby certify that I am a duly appointed translator for the English and German languages and that the above is a true and correct translation of the document No. D.427-7796.

Beryl C. BESTICK
AGO No. D-427 459

SECRET

Office of Military Economy IVc

2 May 1939

(WS) WC/205

(Initials) NC

FILE NOTE

Subject: Discussion with Dr. Dreckmann (I.G. Farbenindustrie) on Nitric Acid and Nitrogen Factories in Great Britain.

I.G. Farben-Industrie has gained knowledge of the following nitrogen factories in Great Britain:

1) at Mossend (Lanarkshire) 15 kilometers east of Glasgow; built by I.C.I.; completed in spring of 1939; property of Government; estimated output capacity 40,000 tons of pure nitrogen per year. This estimate is based on the building expenses. Electric power is supplied from outside sources; I.C.I. has probably undertaken to supply 200 trained workers for this stand-by plant in the event of war; total staff probably 600.

2) at Merthyr Tydfil, 24 kilometers northwest of Cardiff; built by I.C.I.; also Government property; estimated output capacity 35 - 40,000 tons per year; to be completed at the beginning of 1940.

I.G. Farben considers that the Mossend and Cardiff (Merthyr Tydfil) plants can supply sufficient nitrogen to meet the requirements of all the plants producing highly concentrated nitric acid in Great Britain.

3) At Irvine there are two plants for the production of highly concentrated nitric acid, so-called "Hoco plants"; output capacity 18,000 tons of nitric acid per year each, equivalent to approximately 4000 tons of nitrogen per year.

4) At Billingham the nitrogen factory has been converted for the production of fuel (a yearly yield of 150,000 tons, of which 59,000 tons are aviation gasoline, octane content 87).

I.G. Farben estimates the output of highly concentrated nitric acid in Great Britain to be equivalent to 56,000 tons of nitrogen per year; estimated output potential in Abwehr publication No. 2656/July 38 I w secret, dated 28 July 38, is exaggerated, as this implies an output of 150,000 tons of nitrogen per year; this high estimate could only be correct if all the old world war plants employing the sodium nitrate/sulphuric acid decomposition process are still in existence.

Labor problem: Workers could be trained in 4 to 6 weeks if 10 to 15% of trained workers are available; this short period is only possible in the chemical industry as in general the techniques are simple; the larger the factory, the more difficult the training.

TRANSLATION OF EXCERPT FROM DOCUMENT No. NI-7965
CONTINUED

CERTIFICATE OF TRANSLATION

11 September 1947

I, Arthur M. CHAMBERLAIN, No. 20191, hereby certify that I am a duly appointed translator for the German and English languages and that the above is a true and correct translation of the document No. NI-7965.

Arthur M. CHAMBERLAIN
No. 20191

TRANSLATION OF DOCUMENT No. NI-1163
OFFICE OF CHIEF OF COUNSEL
FOR WAR CRIMES

ERRATA SHEET

Page 1 of the translation of document No. NI-1163, first line should read:

Abwehrbeauftragter
Director W. von der Bey
Bitterfeld

page 1, signature should read:

I. G. FARBENINDUSTRIE AKTIENGESELLSCHAFT
: ABWEHRBEAUFTRAGTER
(signature) v. Heider

page 2, first line should read:

Abwehrbeauftragter
Director von Heider
Frankfurt (Main)

page 2, signature should read:

I. G. FARBENINDUSTRIE AKTIENGESELLSCHAFT
ABWEHRBEAUFTRAGTER

Errata sheet prepared by:

JOHN J. BOLL
U. S. Civilian
AGO No. A-444412

- END -

I.G. FRANKFURT

Registered
Secret!

Street
I.G. Bitterfeld
Engineer-Administration
2 Sept. 1942
Letterbook No L 315 G
Answer

To the

Delegate for Defensive Measures
Director W. von der Hey

Bitterfeld

Our Reference: Su/Do.

1 Sept. 1942

Re: Aerial Photos

We have been asked to make aerial pictures or other photos of British works available. We have heard from our Top-of line that there are pictures or plans and sketches of the sites of the magnesium works in Clifton available in Bitterfeld. Kindly contact the mapping-department there and make the pictures which are at hand available for us for the purpose of forwarding them or forward them directly.

In the case of Bitterfeld being in possession besides of other plans and pictures of British factories (we are interested for instance in illustrations of works on letter-heads, invoices etc., and in illustrations of British works published in British periodicals or manuals) we ask you to send us these also. * Please search for these pictures as unobtrusively as possible in the archives there. Every picture must be marked with the name of the work and the place where it is situated.

I.G. FARKENIVKSTRIZ ANLIDNOSSELSKRAFT

* or to forward them.

Delegate for Defensive Measures

(signature) v. Heider

PS. In case you have received this inquiry for aerial pictures already direct, from some other office, please consider our letter of today cancelled, however, advising us briefly if such is the case.

MINUTES

of the 27th meeting of the Vorstand, held on September 25th, 1941 at 9.30 a.m. in Frankfurt/Main, Gruesburgplatz.

Present all members of the Vorstand, with the exception of Dr. WIEHL excused.

The minutes of the 26th meeting of the Vorstand, held on July 10th, 1941 having been read and approved, the items upon the agenda were discussed in the following order:

1) Technical Committee.

Dr. G. EMBE, Leverkusen, gave a detailed account of the meeting of the Technical Committee of the polyurethanes, developed in the laboratory at Leverkusen. The treatment of glycols with diisocyanates results in a chain-reaction leading to the formation of compounds largely corresponding in character to the super-polyamides. They possess excellent mechanical qualities with the advantage that their property of water absorption is considerably lower than that of Dupont's product 66; the melting-point lies somewhat lower. The polyurethanes can be used in exactly the same field of application as the superpolyamides, viz. for the production of bristles, textiles, synthetics etc. These products do not fall within the scope of Dupont's patents; their manufacture is quite different, and in processing we have succeeded in working out methods quite independent from those of Dupont. They are therefore not subject to the contractual obligations which I.G. has had to undertake towards Dupont and can therefore be exported to countries which are so far not open to export from Germany. - Very interesting are the possibilities to arrive at new kinds of materials by treating polyoxy compounds of all kinds with diisocyanates. The reaction of diisocyanates with glycerine for instance creates acetyl-cellulose, polyvinyl-alcohol and other synthetics which can neither be liquefied nor dissolved by means of organic solvents. They are mainly used for varnishes. They are applied mainly in the following cases; the object to be varnished

(page 2 of original)

is coated with a mixture of both compounds and the formation of the finish is brought about for instance by heating. The action of diisocyanates upon di-glyceride of linseed-oil produces a refined linseed-oil-product which combines practically all the good qualities of the alkydols. - If the action of diisocyanates upon polyoxy-compounds in the presence of considerable quantities of filling material such as wood-flour, takes place under pressure and heat, high grade plastic materials are obtained which have a number of advantages over bakelite and urea plastics; they are in particular superior to them with regard to elasticity. - Of the numerous other uses of the diisocyanates their adhesive properties should be mentioned, which are effective not only with wood but also in joining Buna or Oppanol with metal or wood, or in welding thin vulcan fibre-foil into thick plates etc., problems which had

(page 2 of original, cont'd)

not previously been solved satisfactorily.

Credits for new buildings including the new credits allowed at the last "Tee"-meeting, less the estimate of expenses until end September amounted to RM 1.8 billions. To this must be added a few sums which are about to materialize, even if they have not actually been granted, so that one can count on total credits amounting to RM 2 billions approx. In comparison herewith it was pointed out that the total expenses for new construction work of I.G. from 1932 to beginning of 1941 had also amounted to 2 billion Reichsmark. - The RM 400 million spent in 1936 represented the largest amount expended in any one year; in 1940 it decreased to RM 360 millions and is estimated at RM 520 millions for 1941 and at RM 650 millions for 1942; part of these amounts is supplied by outside sources (Fremdfinanzierung).

Furthermore a brief report was submitted on the applications for credits amounting to RM 77,7 millions put before the "Tee" meeting; they were approved.

In connection with the granting of credits, Geheimrat SCHMITZ commented on the financial strain to which I.G. was being subjected owing almost entirely to the exigencies of plants connected with the war effort.

.....

(page 4 of original)

.....

- 4) Taking on lease of the subsidiaries in Austria by I.G.
and foundation of a Works Combine "Ostmark" - foundation
of chemical companies for the east.

Dr. KURMID reported on the result of previous conferences of the I.G. representatives on the Aufsichtsrat of "Donau-Chemie" with the other gentlemen of I.G., interested in Moosbierbaum. Various objections were raised to the lease-contract drafted by the solicitors. It was therefore agreed upon, not to execute the lease-contract in the form suggested (which was based on the original idea of unilateral assistance to "Donau-Chemie") in view of the fact that by the erection of the big magnesium-plant apart from the "hydroferming" works - I.G. interests at Moosbierbaum had become predominant as regards factory space and production. A further decisive factor in changing the lease plan had been the intention to transfer further I.G. plants there in the future which were in no way connected with the production program of "Donau-Chemie" and which I.G. desired to run according to its own ideas without interference from the management of Donau Chemie.

The following was decided and submitted to the Vorstand for confirmation:

All plants erected or still to be erected upon sites leased from "Donau-Chemie", shall be under the sole management of the I.G. BURETFISCH's office has been suggested - to be general manager of the plants. The "Donau-Chemie" is to be induced to hand over to the

TRANSLATION OF EXCERPTS FROM DOCUMENT No. III-5813
CONTINUED

(page 4 of original, cont'd)

I.G. or rather to Dr. HENNING the general management of their works at Loosbierbaum amongst others.

(page 5 of original)

This measure would guarantee the uniform management of all works and plants at Loosbierbaum by I.G. This can only be achieved if Dr. HENNING joins the Vorstand of "Donau-Chemie". He would have to be responsible to Dr. KLEBER for general business and for the works of the "Donau-Chemie", situated at Loosbierbaum, to Dr. HUSEPISCH for the plants of (Sparte I^a) to Dr. FURCHIG for the magnesium plants. In that case neither the other members of the Vorstand nor the Aufsichtsrat of "Donau-Chemie" would have any further say in matters concerning the Loosbierbaum plant.

The Vorstand assented.

.....

(page 8 of original)

.....
9). Miscellaneous.

a) Dr. SCHNEIDER reported on the security system of I.G. ("Abwehr").

.....

(page 9 of original)

.....

signed: H. SCHMIDT signed: REUBENHILF.

CERTIFICATE OF TRANSLATION

3 July 1947.

I, Leonard L. HENGE, Civ. No. 26 138, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of the excerpts from document No. III-5813.

Leonard L. HENGE
Civ. No. 26 138.

REGISTRATION NO. OCCUPY No WI-6491
OFFICE OF CHIEF OF CONSUL FOR WAR CRIMES

913 (pencilled No.)

I.G. FARBE INDUSTRIE AKTIENGESELLSCHAFT

Office A

| | | | |
|---------------------------|-----------|---------------|----------------------|
| Postal address of sender: | Telegram | Telephone | Bank |
| I.G. Farbenindustrie | Igesekre- | Local 120021 | Reichsbank Current |
| aktiengesellschaft | tarial | Long distance | Account No 8201 |
| Office A, Berlin NW 7, | Berlin | 126401 | Berlin |
| Unter den Linden 78 | | | Postal Check account |
| | | | 10456 Berlin |

stamp: Director's Office
19 February (?) illegible
Leverkusen - I.G. Factory
(clock face on stamp)

To
Director Dr. HERRMANN
I.G. Farben Industrie A.G.

Leverkusen
I.G. Factory

S OCV 128 (pencilled number)
This is a state secret in the sense of
article 88 of the Reich Penal Code.
To be forwarded under seal only. If
mail channels are used as registered
letter.
To be kept in safely locked deposit as
addressee's responsibility.

Your reference your letter of our letter of our reference (to be
stated on reply)
So.956/r/XI/30

Berlin SW 7
Unter den Linden 78
12 February 1944

Subject: Collaboration with the High Command of the Armed Forces.

The High Command of the Armed Forces, - Counter Intelligence Division
Economy (Abwehr I /1) - has expressed the wish to arrange a general discus-
sion with the technical and commercial people in charge of the I.G., in
order to intensify the continuous co-operation in respect of intelli-
gence/abroad on one hand and of Counter Intelligence on the other,
and to deepen personal contact.

In agreement with Herr Geheimrat SCHMIDT I hereby invite you
to such a discussion, which is to follow the Vorstand's meeting on
2 March 1944.

Herr Oberleutnant SCHMIDT will first of all speak of general
principles, especially regarding present day work, which will then be
followed by open discussion.

I should be grateful if you would inform office A, Berlin NW 7,
Unter den Linden 78, whether you will be able to attend.

initial
23/4

signature
Chief Counter Intelligence Officer

I shall take part dealt with
Eu

initial

98

TRANSLATION OF DOCUMENT No NI-6491
CONTINUED

CERTIFICATE OF TRANSLATION

June 18, 1947

I, Annette Vellach, 20101, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of the document No NI-6491.

Annette Vellach
No. 20101

END

- 2 -

File Note

Subject: Conference of 5 March 1940 in Reich Group "Industry".

Attended by:

the members of the board of directors: Dr. von SCHNITZER,
Dr. DOMING,
Friedrich KRÄUSE,
the directors of the Research- Society: Richard KUENZLER,
von PUTTMER.

Dr. von SCHNITZER first stated that a conference with Major B. had taken place prior to the meeting, and that the board of directors had decided that assignments for the agency in question, which reached the research society through the person of Dr. MUEHNER, are to be carried out. A sum of RM 3000 to RM 4000 per month may be spent for this purpose. This order is to be valid for a period of 3 months. After this period, a new conference will take place, in order to clear up, among other things, the question as to whether Major B. will refund part of the monies.

The board of directors furthermore agreed that Dr. von SCHNITZER should approach a number of noted industrialists by personal letters in order to induce them to pre-finance the tasks of the Research-Society.

Dr. von SCHNITZER at once wrote a letter to Herr von INTERFELD, of the firm of SIEMENS, stressing the desirability of getting SIEMENS interested in the Research-Society.

Furthermore, Dr. von SCHNITZER will write letters to a number of firms listed by name, using the draft which we submitted to him last month, with slight alterations. Following up this correspondence, the Research Society will personally contact the owners or directors of the firms in question.

As to the representation of their interests in Berlin, it was agreed that a Trust-Company should be set up to represent the interests of out-of-town firms in Berlin. For the time being, Herr von PUTTMER will personally deal with the offers, in such a way as to render possible a later incorporation into the new company.

8 March 1940 - v.F./Schos.

(handwritten initial)
EX

TRANSLATION OF DOCUMENT No. NI-1446
CONTINUED

10 July 1947

CERTIFICATE OF TRANSLATION

I, Stanley F. DONATH, Civ.No. 442 937, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of the original document No. NI-1446.

STANLEY F. DONATH
Civ.No. 442 937.

Dr. E von der Heyde

Berlin, 30 March 1940

Stamp:
SECRET

1. This is a State secret within the meaning of Article 90 of the Reich Penal Code.
2. To be transmitted only under cover; if sent by post, to be registered.
3. To be kept, at the responsibility of the addressee, under lock and key.

To:
Director Dr. von Schnitzler
I.G. Farbenindustrie Aktiengesellschaft,
Frankfurt (Main) 20.

Dear Dr. von Schnitzler,

Permit me to approach you personally on a matter which I am watching with great anxiety, in the interests of I.G.

(As you know, the OKW has repeatedly expressed the urgent desire to enlist our help, if at all possible, in placing its Vertrauensleute (Confidential Agents) in positions abroad. In this connection, the OKW approached us with cases in some of which it sometimes seemed desirable to establish a trustworthy person permanently in our foreign organization and in others of which only the temporary protection for Vertrauenspersonen was required for the period of individual trips abroad of limited duration. As I expressly stated at the last meeting of the Commercial Committee, these requests have been voiced not only by the OKW but also by the Reich Main Security Office, which presents its demands in full agreement with the OKW.)

Until now, we have been approached by both the above-mentioned offices with a number of cases in which it was the special desire of these offices to obtain our help. It was assumed that I.G. know the exigencies of the present war situation and would, in consequence, feel obliged to render aid in every case which in any way admitted of its assistance. Unfortunately, however, no practical assistance has so far been forthcoming in reply to any of the requests addressed to us.

My observations have led me to believe that this is apparently the reason for a certain ill feeling prevailing in the OKW and the Reich Main Security Office. Sincerely anxious for the interests of I.G., I consider it my duty to inform you of this state of affairs which my observations have revealed. I know as a result of my very close connections with the OKW and the Reich Main Security Office that, in view of the war situation and of forthcoming events, they are counting to an ever-increasing extent on the co-operation of industry, particularly of large German industrial enterprises in work abroad.

TRANSLATION OF DOCUMENT No. NI-7626

CONTINUED

(page 2 of original)

E. von der Hayde

Berlin, 30 March 1940

If necessary, the highest authorities will even go so far as to demand co-operation in view of the national political issues at stake. I also know that numerous firms have adjusted themselves to this situation and that special satisfaction is felt about the assistance rendered by some industrial enterprises. The position is all the more serious, therefore, as we have so far been unable to comply with any of the requests submitted to us in the above-mentioned cases. Naturally, I myself know all the reasons for our former reserve. From a knowledge of the details of the cases presented to me, however, I also know that some of the Confidential agents concerned had qualifications which might have made their employment or support by us not quite the liability we feared. I think it would be highly effective, in just those cases to ask the gentlemen concerned to attend an interview and to review this matter seriously, basing our judgement on personal impressions. I know, dear Dr. von Schnitzler, that, in making this suggestion, I can count on your understanding above all others, since you yourself exerted your influence in the case of Karlsson, Latvia, to achieve a similar object.

I should appreciate it very much, if, on the occasion of your next trip to Berlin, you would give me an opportunity

(Translator's Note:)

The remainder of the page is quite illegible.

.....

Heil Hitler !

(Signature) E. von der Hayde

CERTIFICATE OF TRANSLATION

19 September 1947

I, Samuel S. HORN, AGO No. 443 113, hereby certify that I am a duly appointed translator for the German and English languages and that the above is a true and correct translation of the document No. NI-7626.

Samuel S. HORN
AGO No. 443113

- 2 -
"END"

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TRANSLATION OF DOCUMENT No NI-3804
OFFICE OF CHIEF OF COURSE FOR WAR CRIMES

3 April 1940

Dr. A. von der HEYDE

Berlin NW 7
Unter den Linden 82

Dear Herr von der HEYDE,

The contents of your letter of 30 March formed the subject of a discussion in our select Chemical and Dye Committee (Chemikalien- und Farbensachausschuss). Afterwards I had also an opportunity to have a talk about the matter with Dr. FRANK-FAHLE who happened to be here. As far as we in Frankfurt know we did not cause any annoyance in the two offices which you mention in your letter. Of course, up to now we only dealt directly with military offices. In Berlin recently I had the opportunity to discuss at great length with Major BLOCH of the High Command of the Armed Forces another problem closely connected with the matter in question, namely, whether and to what extent the High Command of the Armed Forces is willing to make use of the services of the "Company for Sales Promotion" (Gesellschaft fuer Verkaufsauforderung), directed by Herrn KUEHLER and Herrn PUTTLANDER. This company is particularly well suited for this kind of intended camouflaged transaction, since an accident in the case of one of their representatives can never lead to a catastrophe; if the worst happened, this company would have to give up its activities in the particular country concerned and limit its operations to the rest of the neutral countries. My presence in Berlin next week will afford an opportunity to discuss not only this question but also the entire complex of questions linked with the matter, and I shall gladly introduce you to Herrn von PUTTLANDER if necessary. The matter is all the more difficult for the I.G. as agencies abroad are closely watched, and all the activities of their functionaries are strictly controlled in order to ensure that they are purely business transactions and are not undertaken in the interests of a third party.

signed: v. SCHWITZLER

CERTIFICATE OF TRANSLATION

June 20, 1947

I, Mona Macleod, WEP-38347, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of the document No NI-3804.

Mona Macleod
No. WEP-38347

"END"

(page 1 of original)

Minutes

of the 31st meeting of the Commercial Committee
on Wednesday, 17 April 1940 at 9.30 o'clock in
the morning, in Berlin No 7, Unter den Linden 78.

The following were present:

| | | |
|----------|-----------------|-------------------|
| | von SCHNITZLER, | Chairman, |
| | HAEFLIGER, | |
| | HANSEN, | |
| | ILGNER, | |
| | KUGLER, | |
| | LEHN, | |
| | MUELLER, | |
| | OSTER, | |
| | OTTO, | |
| | REIBEL, | |
| | REBER-MORRIS, | |
| | WEISS, | |
| | FRANK-FRANK, | Recorder, |
| Further: | BURL, | part of the time, |
| | SCHER, | " |
| | TERKLER, | " |

2) Mobilisation Project:

The Mobilisation Project is to be discussed.

(page 4 of original)

Berlin, 19 April 1940.

F.F./Ba. 31/40. signed FRANK-FRANK e.g.d. von SCHNITZLER.

(page 5 of original)

strictly confidential!

Re: Commercial Committee Meeting of 17.4.1940.
Item 2) of the Agenda, "Mobilisation Project".

Dr. von der HEYDE reports again in detail on the collaboration
of German industrial enterprises, including the I.G., outside Germany.

(page 5 of original, cont'd)

In this connection he stresses especially the wishes regarding permanent assignment of workers abroad on the one hand and occasional journeys abroad for a limited time on the other.

As MANN and others present state, this question is doubtlessly important for I.G., but the way in which the local offices are dealing with the question can hardly be considered a recommendation for the entire matter. The ensuing debate, during other experiences with local offices were reported, resulted in the opinion being expressed that the change from the former method of dealing strictly centrally with these questions to a decentralized administration is detrimental to a matter which is in itself useful. Since the question under consideration has to be dealt with primarily in the commercial departments of I.G., Dr. von SCHMITZLER is asked to take the necessary steps to assure homogeneous correlation and future administration of matters pertaining to this question by one central authority. Dr. von der HEIDE is going to prepare the way for Dr. von SCHMITZLER.

Dr. Paul WELTZER reports on a conference at the OKW about exemptions from service in the armed forces. According to it, the registration of the various age groups is to be handled more systematically in future in order to keep the staff employed in industry more stable. Presumably, a rule is going to be established according to which age groups 1903 and older are definitely to remain in industry, that each age group of those born in 1903 and later is to be inducted, in the future, as an entity at a certain date. Within this procedure, exemptions are possible for the age groups 1903 - 05, whereas for the age groups 1910 and younger applications for exemptions will be pointless.

Dr. von der HEIDE draws attention to the fact that in spite of the new basic rulings for the age groups 1903 and older the present exceptions which apply to members of special arms, e.g. artillery, air force, navy, and for officers of the reserve will certainly remain in force.

Berlin, 19 April 1940.

36/3a.

CERTIFICATE OF TRANSLATION

9 June 1947.

I, Arthur MACNEIL, Civ. No. 20 191, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of excerpt from document No. NI-5950.

Arthur MACNEIL
Civ. No. 20 191.

Dr. E. von der HEYDE

Berlin, 24 April 1940

To:
Director Doctor von SCHNITZLER
Kissingen

Sanatorium Villa Stella

Dear Dr. von SCHNITZLER:

I am extremely sorry that during your sojourn there, for a cure and for rest, I must trouble you with a business question. A meeting recently, between you and Dr. BLOCH no longer being possible for lack of time, I informed the latter that a discussion cannot be counted on until after your return, that is after Pentecost at the earliest. However, in consideration of higher points of view, important to the Reich, Dr. BLOCH and his associates feel depressed because of indications that matters in the local offices evidently do not run as would be required. The gentlemen, therefore, urgently desire to remedy the shortcomings in the work heretofore done as quickly as possible so as to prevent more trouble from occurring. It is only for these reasons which in wartime naturally are imperative that the gentlemen have requested me to obtain your permission for Dr. BLOCH to visit you for one hour in Kissingen. Dr. BLOCH then would discuss with you only the question of how to organize most appropriately a future cooperation with you, and he would endeavor to make this interruption of your rest as brief as possible.

In passing on to you the wish of these gentlemen, in line with their request, and if you comply with it, I should at the same time like to ask whether you would approve of my accompanying Dr. BLOCH on his trip.

With my best regards and wishes for perfect recuperation,

Heil Hitler!
Devotedly yours,

(Signed) von der HEYDE

CERTIFICATE OF TRANSLATION

I, HERTEA C. KNUTH, AGO NO. X 046355, hereby certify that I am thoroughly conversant with the English and German languages; and that the above is a true and correct translation of Document No. NL-1447.

HERTEA C. KNUTH
U. S. Civilian
AGO NO. X 046355

END

-1-

107

Minutes

of the 32nd meeting of the Commercial Committee
on Monday, 27 May 1940, 9.30 a.m., in Berlin NW 7,
Unter den Linden 78,

Initials

Present :

von Schnitzler
Dencker
Haefliger
Hanser
Ilgner
Krüger
Mann
Müller
Otto
Waibel
Weber-Andreas
Weiss

Chairman

Dr. Kalle, Tutzing (Oberbayern) as guest }
Köhler, Frankfurt " " } part of the time
Dr. Buhl, Frankfurt " " }
Dr. Terhaar part of the time
Dr. v. d. Heyde

- 1.) Report on the latest development in various economic negotiations with neutral countries.
- 4.) Belgium, Holland.
- 5.) Denmark, additional deliveries.
- 6.) Norway :

Following the general exposition on the present state of economic policy by Mr. Dr. TERHAAR, various matters of topical interest for I.G. business were discussed.

1.) Holland :

The impression prevails that considering the present state of affairs, Dutch economy should continue to work autonomously. Dealing with rival firms there is also to be viewed from this angle.

(page 2 of original)

a) Niederländische Farben- & Chemikalien-Fabrik

I.G., (Dutch Dye & Chemical works, joint stock company), Delft:

This undertaking has for all practical purposes never been anything but an offshoot of the I.G. There is no economic interest in the continuation of the Delft Dye-works; the factory itself and the cover, however, are under the circumstances of interest not only to the dye-field but also to other I.G. branches.

b) M.V. Fabriek van Chemische Producten, Schiedam :

has been for years a great competition to German Dye-business and furthermore had a considerable share - it is estimated at 1 3/4 million Marks - in the German dye business. In the last years the relations with Schiedam slowly improved and in the past half year Schiedam generally followed I.G. quotations against an assurance of supplies of intermediate products. Schiedam had an annual turnover in dyes of approximately 4 1/2 million Marks. Chief countries for export :- Greater Germany, Holland, Belgium, Scandinavia, Dutch East Indies.

On the Chemical field they have connections in formic acid and oxalic acid.

From the point of view of I.G. there is no interest in the continued working of Schiedam. However, if the competition is eliminated one could possibly supply Schiedam also in future with intermediate products.

In the pharmaceutical and photographic field there is no serious domestic competition.

In the field of nitrogen there are 3 large factories.

2. Belgium :

The situation in Belgium to-day is still difficult to survey. With the commanding position of the Solvay group (incl. Union Chimique Belge) on this market, the future judgment of the situation will largely depend upon the attitude of the Solvay group towards present events. It is to be expected that Director KLEMM of the German Solvay Works will get a mandate for Solvay.

Concerning informations requested by the authorities on firms and personalities of the Dutch and Belgian economy it was decided not to pass on such information to the authorities until the Commercial Committee have stated their opinion.

(page 2 of original)

a) Niederländische Farben- & Chemikalien-Fabrik

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Concerning informations requested by the authorities on firms and personalities of the Dutch and Belgian economy it was decided not to pass on such information to the authorities until the Commercial Committee have stated their opinion.

(page 3 of original)

3. Denmark :

The government expects that Denmark will purchase German products to a considerably higher extent than in the past also as far as chemical products are concerned. The I.G. is able to deliver these products except fertilizing nitrogen. Here negotiations with Norsk Hydro are in progress.

4. Norway :

Purchases from and deliveries to Norway are, as far as larger quantities of goods are concerned out of question to-day.

First the transport conditions will have to be more settled. In this connection the question of journeys into the territories occupied or protected by us is discussed. We were instructed by the authorities that utmost reserve should be exercised and only such journeys be proposed where a general economic interest can be proved.

For Belgium, Dr. von SCHMITZLER and Dr. TERHAAR in their capacity as chairman resp. executive director of the German-Belgian economic committee are proposed by the authorities as experts. Likewise a travel permit for Herr MANN will be applied for without delay on behalf of the pharmaceutical interests, where army requirements are involved. Dr. von SCHMITZLER requests that any informations and suggestions of importance for his work should be forwarded to him through Dr. TERHAAR .

For Holland the following Gentlemen will be suggested to the OKW :

Herr von Brünning for dyes,
Herr von Heider for Chemicals,
Generalkonsul Mann for Pharmaceutics,
Dr. Oster for Nitrogen,
Herr Hussahn (return to Holland) Nitrogen, technical

For later a further number of other gentlemen will be considered among them Dir. OTTO and Dir. Dr. KÜPPER.

In case the nomination of special delegates for Denmark and Norway should become possible, agreement should be reached among the K.A. membership. Dr. OSTER has already resumed contacts with Norsk-Hydro at the suggestion of the OKW .

(Page 3 of original, cont'd)

- 7.) Airtransportation Spain and
10.) Telegraphic communication China :

The cases in themselves are clear. Fundamentally it must be kept in mind, that in all measures that should become necessary and concern all sales combines agreement must be reached between all the "Sparten" and that the leaders of Sales Combines should, if possible, in similar cases, as airtransportation Spain, get in touch with one another.

(page 4 of original)

During the discussion of the calendar planned by the Sales Combine Chemicals, it is pointed out that interference with the special types of advertisement created by the various Sales Combines, (the Physician Calendar for instance) should be avoided.

- 8.) Russia :

An exchange of views takes place about recent events. It again results that it is in the interest of all the Sparten to acquaint each other as soon as possible through IGERRUSKO with the experiences gained in the Russia negotiations.

- 9.) British-India :

Herr WAIBEL reports on his recent negotiations with the RAVERO and the departure of Herr PAZZE for East-Asia : PAZZE has been instructed to speak to the representatives working in British-India on his way to East Asia. The events in Holland have brought about fundamental change in the situation at the Chemdyes.

- 3.) Rawmaterials for Detergents :

Following the lecture of Dir. KÖHLER a discussion takes place about various demands for supply by the pharmaceutical division, which will find consideration, as far as this can be realized considering our relations with the soap industry.

Signed : von SCHITZLER.

Signed: KRÜGER.

Berlin, 29 May 1940.
v.Schn./Es. 32/40.

Copy/Schu.

I.G. Farbenindustrie Aktiengesellschaft
Central Finance Administration
Berlin SE 7

To the
Reichswirtschaftsministerium
(Ministry of Economics)
Department V

Berlin W 8
Behrenstr. 49

Finance Secretariat
G/Frd. - 383

2 - 2 - 1940

M.H. of the foreign organization of the K.S.D.A.F.

We take the liberty of reporting the following to you:

The leader of the foreign organization of the K.S.D.A.F., Gau-
leiter Bohle has approached our firm with the request that we
order our foreign sales organizations to put contributions at the
disposal of the "INTERN RELIEF WORK" of the foreign group in ques-
tion which are exclusively meant for the benefit of natives of
Germany living abroad. The leader of the foreign organization
points out in his letter to us that, during the present war, the
demands made on us with regard to the "Winterhilfswerk" of the
foreign organization have increased considerably as compared with
what they were in peace time. According to the information of the
leader of the foreign organization very considerable funds are re-
quired, especially for the care of refugees from all over the world
and for the support of those German national minorities which have
suffered most by the war.

Serious considerations exist against the instruction to our foreign
sales organizations suggested by the foreign organization; the reason
for this, in the first place, is the fact that our sales organi-
zations in all countries of the world have been established as na-
tional companies in which we officially have no share as to the
capital invested. Ordering contributions for the "INTERN RELIEF WORK"
of the foreign organization, and of the foreign group in question
respectively, however, would endanger the camouflage of the com-
panies. It must be added that these payments in question are pay-
ments from companies which, without exception, have to be con-
sidered as dominated by us in the meaning of circular 152 so that
the issuing of foreign currency practically means a decrease of
our export proceeds. With regard to this, and provided that you
will give your permission, we have made the counter-proposition
to the foreign organization that we, on our own behalf, will put
an amount of R. 10 000.-- every year in free foreign currency
centrally at the disposal of the

(page 2 of original)

...H... of the foreign organization and that, in return for this, you will refrain from requesting our foreign sales organizations to participate in the H... of the foreign organizations.

...I, therefore, ask you to give us permission to put an amount of \$10 000.00 in free foreign currency, to the debit of our operating expenses fund for 1940, at the disposal of the foreign organization, on a foreign account which will be named by it.

Heil Hitler!

I.G. PULVERINDUSTRIE AKTIENGESELLSCHAFT

signed: Krueger signed: ppe. Gierliche

Strictly confidential

Point 21 - question/Conference of K... (Commercial Committee)
27 - 5 - 1940.

On the question of the U-positions Dr. von der Heyde reports on the monetary situation and the presumable development as far as it can be taken in at a glance today until fall of this year. Details on this will be communicated to the individual sales combines in writing.

On the question of the cooperation of the I.G. abroad Dr. von Schnitzler reports on his conference in Kissingen. As to the internal arrangement Dr. von Schnitzler will agree with Dr. Schneider, Leuna, that the management as far as the commercial sector is concerned will pass appropriately to Dr. von Schnitzler with full participation of the K... It has been agreed upon on principle that requests to the I.G. shall always and exclusively be passed on to the managers of the sales combines in person. Furthermore arrangements have been made that one and the same question will not be dealt with by several offices of I.G. at the same time. At the conference in Kissingen our special organization abroad was once more the subject of consideration and on this occasion reference was made to the small number of Germans in it from the Reich proper. They gladly give advice now and then. But the possibility of employment for some Germans from the Reich proper does not generally exist. On the other hand special orders, which can be effected without contacting our agency can be given from here. Dr. v. Schnitzler and Consul General ~~will~~ will take care of a special case which is pending at present, and will do so as fast as possible in accordance with wishes expressed.

Dr. von der Heyde reports the stage of his negotiations with the competent offices on the question of urgent trips of leading I.G. gentlemen to Holland. A resolution will be passed on the subject of the nomination of the various gentlemen as stated in the minutes elsewhere. As a precaution, the arrangement to be anticipated for Belgium will also be discussed.

Finally Dr. von der Heyde reports on his efforts so far to obtain information about the fate of I.G. gentlemen in Holland and Belgium. Up to now, it has been possible to get news about Mr. Egan only. Information about Mr. Haber is in sight.

initials illegible.

CERTIFICATE OF TRANSLATION

10 July 1947

I, Mary Flock PERRY, Civ. No. 20 136, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of the document No. NI - 5951.

Mary Flock PERRY
Civ. No. 20 136

TRANSLATION OF DOCUMENT No. SI-1448
OFFICE OF CHIEF OF CONSUL FOR WAR CRIMES

Dr. G. v. SCHMITZLER

10 April 1940

Herrn
Major Dr. BLOCH

Berlin W 35
Tirpitzufer 72 - 76

Dear Major,

May I refer to a discussion which we had at the beginning of March in the building of the Reich Group Industry, with reference to the Association for the Study of Sales Promotion and Advertising. You will remember that, at the time, we proposed that the association was to take on several commissions for your department and was to finance them. Upon satisfactory results, you were then going to pay from your own resources for any further orders to the association. The Association for the Study of Sales Promotion and Advertising assumed that, within the next few weeks, it would be possible to have certain sums reimbursed by the Reich Group Industry in the form of an advance payment of orders; this would enable the association to finance also commissions which are included in your orders. Unfortunately, it has been impossible to realize our anticipations. The Reich Group Industry was in no way prepared to finance orders in advance. Since the association has practically no capital of its own available, it is itself unfortunately unable to finance your orders to the extent, which had been anticipated at the beginning of March.

We must therefore ask you, kindly to finance already at this point any possible orders to the Association for Sales Promotion and Advertising yourself, after the first few orders of that kind have been dealt with. It goes without saying that, for the execution of your orders, our establishment as before is entirely at your disposal.

Heil Hitler!

CERTIFICATE OF TRANSLATION

June 18, 1947

I, Hannah Schlessinger, 20081, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of the document No. SI-1448.

Hannah Schlessinger
No. 20081

"END"

15 April 1940

To the Freiherr
Jesco von PUTTLAGER

Berlin 15
Kurfürstendamm 39-41

Dear Herr von PUTTLAGER,

In answer to your letter of 14 April I have to correct your statements, inasmuch as I only advised you that the I.G. would refrain from settling the present orders given to you out of the pre-financed sum of 10,000 Reichsmark. Until further notice the credit of 10,000 Mark should only be considered as a so-called "Umwälzung-Credit" with the purpose of easing your present difficult financial situation. However, there cannot be any question of I.G. paying alone for the orders of Major BLOCH. As I discussed in detail with Herr FISCHER, these orders will have to be repaid by the prospective profit of the current fiscal year with the expectation that the Association will recover the equivalent at a later date by availing itself of the alleged basis, gained by the orders of Major BLOCH. I shall also inform Herr FISCHER of what I stated above.

Heil Hitler!
Very respectfully yours,
signed: V. SCHILLER

CERTIFICATE OF TRANSLATION

11 June 1947

I, Robert HOFFMAN, Civ. No. U.K. 1373, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of document No. 1449.

Robert HOFFMAN
Civ. No. U.K. 1373

TRANSLATION OF DOCUMENT No. NI-1450
OFFICE OF CHIEF OF COUNSEL
FOR WAR CRIMES

NOTE

concerning a conference with Major BLOCH, Supreme Command of the
Armed Forces
on Friday, 5 July 1940.

Present from the I.G.:
Dr. v. SCHMITZLER
Dr. v.d. HEYDE.

Handwritten note:
(concerns Society for
self-promotion)

It was brought out in the discussion that Major BLOCH never imagined, that the I.G. should finance directly orders from the GSW. It was known to Major BLOCH that the company disposes of an extra allowance from the industry for the purpose of furtherance, totaling 30,000 Reichsmark. Major BLOCH will ask Captain MEHLER to find out from the Research-Society, of what single items the sum spent up to day about 18,000 Reichsmark are composed. On account of the statements, received so far from the Research-Society about these expenses, the impression prevails, that a large part will be re-insured by the Wehrmacht, as it was not intended that the Research-Society should even pay the fixed tax out of that advancement allowance. Starting from the assumption that this re-insurance amounts to at least a third of the expenditure of 18,000 Reichsmark, the Research-Society would still today dispose of more than 12,000 Reichsmark from the fund. This remaining fund should be sufficient to pay for the duration of the war for the so-called overhead expenses, which are in connection with the orders of the Wehrmacht. The expenses, which the Wehrmacht causes, directly will in future be taken over by the Wehrmacht itself. Particular cases, like the case POEMMER, Spain already settled will be settled individually between Major BLOCH, the I.G. and the Research-Society in due course.

CERTIFICATE OF TRANSLATION

I, JOHN J. BOLL, U.S. Civilian IGO No. 2-444412, hereby certify that I am thoroughly conversant with the English and German languages; and that the above is a true and correct translation of Document No. NI-1450.

JOHN J. BOLL
U.S. Civilian
IGO No. 2-444412

Translation

332 254

Latvian / Spies

Personnel:

July 17th, 1940.

Dear Herr von Schnitzler,

I beg to repeat my telephone request in detail:

Since the beginning of war I am in a loose form assigned to the office von Ribbentrop and have executed various orders in this time. It is now intended to send me as soon as possible to Madrid and Lisbon. Mr. Dasse, the competent man should be very glad if a firm like I.G. would be prepared to address to me a pro forma letter with the following contents:

"Dear Herr von Rheinbeben,

We should be very glad if you could soon travel to Madrid and Lisbon in order to call on our agencies and to inform them according to our verbal arrangement."

Of course no expenses would be incurred to you and it is also a matter of course that I should only make use of such a letter to prove at the frontier or at Madrid or Lisbon, if necessary, that the purpose of my journey is "business".

I may take this opportunity to inform you that I am for 13 years member and chairman of the supervisory boards of various insurance companies, and that I am since the beginning of the war the Berlin representative of the Hamburg firm of "Afrikanische Frucht-Gesellschaft A.G.". In brief, that I am not a stranger in commercial affairs.

I should be very much obliged if you would soon let me have your decision.

With hearty greetings from house to house and

-Heil Hitler

yours

OFF.

Staatsschatzmeister a. D.
 Frhr. v. Rheinböden
 Berlin-Schlesien
 Reg.-str. 8.

17. Juli 1940.

Persönlich!

Hochverehrter Herr von Schmitzler!

Ich darf mir erlauben, wie telefonisch ausgesprochen
 bitte zu präzisieren:

Seit Kriegsbeginn bin ich in loser Form der Dienststelle
 von Ziblentrop zugewiesen und habe auch im Laufe der Zeit ver-
 schiedene Aufträge erledigt. Es besteht jetzt die Absicht,
 mich baldmöglichst nach Madrid und Lissabon zu schicken. Dr. Hesse
 der zuständige Referent, würde es sehr begrüßen, wenn eine Ge-
 sellschaft wie die I.G. sich bereit fände, mir pro forma einen
 Brief zu schreiben mit ungefähr folgendem Inhalt:

"Sehr geehrter Herr von Rheinböden!

Mir würden es sehr begrüßen, wenn es Ihnen möglich wäre
 bald nach Madrid und Lissabon zu fahren, unsere dortigen
 Vertretungen aufzusuchen und entsprechend unserer mündlich
 getroffenen Vorüberlegung zu informieren

Selbstverständlich können irgend welche Kosten nicht in Frage
 und ebenso selbstverständlich würde ich von einem solchen
 Brief nur insofern Gebrauch machen, als er mir zufällig einen
 Beleg dafür gibt, dass ich auf Aufträge an der Front bzw. in
 Madrid oder Lissabon als Zweck meiner Reise "Geschäfte" angehe.

In übrigen darf ich bei dieser Gelegenheit, Ihnen
 vielleicht mitteilen, dass ich seit 13 Jahren im Aufsichtsrat
 verschiedener Versicherungsgesellschaften bzw. deren Vor-
 sitzender bin, dass ich im Aufsichtsrat einer "Irkwarenfabrik"
 figuriere, dass ich seit Kriegsbeginn der Berliner Repräsentant
 der Hamburger Firma Afrikanische Frucht-Gesellschaft bin,
 kurzgesagt, dass ich wirtschaftlichen Dingen durchaus nicht
 fremd gegenüberstehe.

Ich wäre Ihnen zu grossem Dank verpflichtet, wenn
 Sie mich freundlichst Ihre Entscheidung, baldmöglichst wissen
 lassen könnten.

Mit herzlichem Grüssen von Frau zu Frau und

Mit Hitler!

Ihr

Frhr. v. Rheinböden.

Translation
Loflok / Spies

July 19th 1940.

Dear Herr von Rheinbaben,

In reply to your kind letter of 17th July I regret to inform you that we cannot give you a letter for Spain and Portugal as desired by you. We have to take great care not to endanger our foreign organizations by any action which cannot be justified in mere business. Considering that you are member or chairman of the supervisory board of various insurance companies, one of those companies should be in a position to give you a closed order concerning the study of the Spanish and Portuguese markets particularly on their prospects and possibilities in the sense of modern economies. In case that should not be possible it might be considered that a small advertising company of which I am the chairman of the administrative council, would give you such a closed order. The firm in question is the "Studentengesellschaft fuer Verkaufsforderung und Werbung", of Kurfuerstendamm 59/60, Berlin W 15, which in a professional style prepares market-analyses abroad. If you should make use of this way, I would gladly transmit you a letter of introduction to the manager of this company, Herr Koenzler, with whom you might confidentially discuss your case.

With hearty greetings from house to house.

Heil Hitler!

Yours

sgd.: v. Schnitzler

Gent.

19.7.1940.

Herrn

Staatssekretär a. D.
Fhr. v. Rheinbaben,

Berlin-Zoblen
Bismarckstr. 5.

Lieber Herr von Rheinbaben,

In Beantwortung Ihrer freundlichen Zeilen vom 17. Juli muss ich Ihnen leider bestatigen, dass wir Ihnen einen Brief, wie Sie ihn gerne fuer Spanien und Portugal haben moechten, nicht zur Verfuegung stellen koennen. Wir muessen streng darauf achten, dass wir unsere Ausserorganisationen nicht durch irgendwelche Handlung gefährdet werden, die nicht in rein geschäftlichen Ihr Rechtfertigung findet. Da Sie aber im Aufsichtsrat verschiedener Versicherungs-gesellschaften bzw. deren Vorsitzender sind, sollte noch eine dieser Gesellschaften ohne weiteres in der Lage sein, Ihnen einen geeigneten Auftrag zu erteilen, der sich auf das Stadium des spanischen und portugiesischen Marktes, insbesondere auf Aussichten und Moeglichkeiten in diesem im Sinne des modernen Wirtschaftlebens noch wenig erschlossenen Landern bezieht. Wird dies nicht moeglich, so koennte daran gedacht werden, dass eine kleine in Arbeitskraftstarke Gesellschaft, in der ich Vorsitzender des Verwaltungsrates bin, Ihnen einen koerperlich geeigneten Auftrag erteilt. Es waere dies die "Studien-gesellschaft fuer Verkaufsfoerderung und Marketing", Berlin W. 15, Kurfuerstendamm 58-60, die kaufmaennig Wertanalysen in Ausland anfertigt. Vollen Sie diesen Vor-satz mitteilen, so wuerde ich Ihnen ein Einfuehrungsschreiben an den Leiter dieser Gesellschaft, Herrn Kuensler, uebermitteln, mit dem Sie den Fall in voller Vertraulichkeit besprechen koennen.

Mit herzlichsten Gruessen von Haus zu Haus und

Heil Hitler!

Ihr

Herr v. Schnitzler

Translation
Lobk / S-ies

July 27th, 1940

Dear Herr von Schmitzler,

Many thanks for your kind letter of 19th July. Meanwhile I have seen Herr Knosler, who gave me a very kind reception and who has already transmitted the desired letter to me. It is not yet certain whether the journey will be realized.

Thanking you, once again for your kind assistance, I remain with kind greetings from house to house and

Heil Hitler!

Yours

sgt.: v. Rheinbeben

COPI

Staatssekretär a. D.
Friedr. v. Ebnstein
Berlin-Dehlow
Lagerstr. 8.

27. Juli 1940.

Lieber Herr von Schmitzer!

Sehr vielen Dank noch fuer Ihren lieben Brief
von 19. Juli. Ich bin inzwischen schon bei Herrn Kuensler
gewesen, der mich sehr liebenswuerdig aufnahm und
mir bereits den gewünschten Brief ubermittelt hat.
Ob die Reise zustande kommt, ist noch ungewiss.

Indem ich mich nochmals sehr fuer Ihre freundliche
Vermittlung bedanke, bleibe ich mit herzlichsten Gruesen
von Haus zu Haus und

Heil Hitler!

Ihr

Friedr. v. Ebnstein

"A CERTIFIED TRUE COPY"

- 6 -

(END)

ERRATA SHEET

Page 1 of Copy of Document No. NI-1301. Last line should read:

With hearty greetings from house to house and

Heil Hitler!

Yours

sgd.: v. Rheinbaben

Errata Sheet prepared by:

JOHN J. BOLL
U. S. Civilian
AGO No. A-444412

(E N D)

TRANSLATION OF DOCUMENT NO. NI-7605
OFFICE OF CHIEF OF COUNSEL FOR WAR CRIMES

AFFIDAVIT

I, Fritz Heinrich SALLOTH, Frankfurt, Johannstrasse 5, after my attention was called to the fact that I make myself liable to punishment for false statements, hereby state under oath voluntarily and without duress:

The declarations which I prepared from July to December 1945 in Frankfurt, Texas plant, concerning the blockade export of the V.G., correspond also according to my present state of knowledge to the truth, and I have no further statements to add to this.

Of cases in which I, as a civilian, voluntarily worked for the foreign intelligence service of the German Wehrmacht during the war, I know the following:

1. In Portugal there were two rather young employees of the Selenit in the service of the Abwehr. One of them was called SMULCHMANN, the other was called SICKERMANN. Already in 1942, Mr. BUDDE, the office chief in Lisbon of the Selenit agency, informed me that these two people were commissioned with special tasks, whose nature I did not, however, know at that time. At the end of 1943 or the beginning of 1944 I was with Mr. Karl v. WEIDER in Portugal, and on this occasion the above-mentioned source of instructions to these people became known to me through the following occurrence: Mr. v. WEIDER explained to the Embassy that these two young people were not yet inducted into the Wehrmacht, that this fact was causing bad feelings within the Selenit agency and endangering the position of this agency, since all other people of these age groups had already been inducted. The reason for this complaint was therefore a purely internal I.G. affair. The request for induction of these two people was refused by the office of this Embassy dealing with these matters.
2. During the war I was, to my recollection, brought together three times by Mr. BUDDE, Secretary of Mr. v. WEIDER, with a representative of the Abwehr, who questioned me concerning my impressions on the foreign journeys from which I had just returned, and wished to get economic information from me. I was also questioned in the year 1942 by a Delegate of the Gestapo in Berlin concerning the same questions as mentioned above.

TRANSLATION OF DOCUMENT No. NI-7609
CONTINUED

(page 2 of original)

I have carefully read through each of the two pages of this declaration under oath and have personally countersigned them, have made the necessary corrections in my own handwriting and have countersigned them with my own initials, and hereby declare under oath that in this declaration I have told the whole truth, according to my best knowledge and belief.

(signed) Fritz Heinrich WILLOTH

Sworn to and signed before me this 27th day of June 1947, at Nuernberg, Germany, by Fritz Heinrich WILLOTH, Frankfurt, Johannstrasse 8, known to me to be the person making the above affidavit.

Otto WEIDEN
U.S. Civilian CO-No. 1-444 385
Office of Chief of Counsel for
War Crimes
U.S. War Department

CERTIFICATE OF TRANSLATION

3 September 1947

I, Victoria ORTON, WCO No. 20 129, hereby certify that I am a duly appointed translator for the German and English languages and that the above is a true and correct translation of the document No. NI-7609.

.....
Victoria ORTON
WCO No. 20 129

TRANSLATION OF
DOCUMENT NO. NI - 1322
OFFICE OF CHIEF OF COUNSEL FOR WAR CRIMES

BBh - 3012

Translation from the German original

Prepared 10 May 45
by T/4 John R. Walker

Red Rubber Stamp:
SECRET !

I.G. BERLIN NW 7
Unter den Linden 82

Herrn Direktor Dr. Overhoff
I.G. Farbenindustrie Aktiengesellschaft
Frankfurt a. Main 20

9 Nov 43

Re Spain

Dear Dr. Overhoff,

We confirm today's telephone conversation in which we informed you that Oberregierungsrat Koppelman has approached us in the following matter.

Lt. Col. Boecker is shortly going to Spain on orders of the Abwehr (Wehrmacht Intelligence). However, it is not supposed to be known there that he is attached to this agency, he is to be camouflaged by becoming part of some firm. Since Boecker is a wool merchant by trade, it was first thought advisable to place him with a wool purchasing firm of the Sofindus. For special reasons this is not possible, and the ZW. is now enquiring whether the I.G. would be able to find a place for Mr. Boecker.

We have pointed out to Oberregierungsrat Koppelman our usual hesitations but would ask you to examine whether

you have a chance of seeing Mr. Beecker. Exact details concerning his age could not be furnished to us. His age is estimated to be around 45 years.

Heil Hitler
Wirtschaftspolitische Abteilung
Signature

CERTIFICATE OF TRANSLATION

I, Louise STUBBS, U.S.Civ. X-018162, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of the document No. NI-1322.

Louise STUBBS
U.S.Civ.X-018162.

END

THE STATION OF DOOR NO. 11-1300
GERMANY HOUSE 6, CROSSING FOR THE GARDENS

CONFIDENTIAL

Frederick Jacob V. RUTLAND

Shanghai
German Embassy
& Peking Road

30 January 1941

My Dear Dr. V. SMITH,

As I am anxious to give you after a considerable passage of time some news, I gladly take advantage of a free minute to draw you a few lines.

The two months I have spent out here, are doubtlessly among the most interesting of my life. For reasons, easy to understand, I am sorry to say that I cannot give you a detailed report, but hope to be able to tell you all the details this coming spring.

I met a good number of gentlemen from your country, among them Dr. G. W. V. SMITH, whom I shall visit before long in Tokyo. One does not notice much about the war in Shanghai. Of course, the newspapers are full of it, but otherwise there is civil peace, and one can see everywhere with representatives of all nations. While I am writing, my eye goes over the sky-line of Shanghai with its recent boom-sign on the walls of the sky-scraper, while down on Peking Road it is alive with hundreds of automobiles and rickshaws, with thousands of pedestrians. As the days are getting a little colder - after a spell of spring-weather - the loss of lives by freezing to death, is again extraordinarily heavy: about 100 each night, of which 50 are children. The misery is indescribable, while on the other hand there is a peace-time luxury. As we have an inflation rate - one note for the Reichsmark more than 7 Shanghai dollars - the cost of living is not high and very purchases one makes are inexpensive. After having an opportunity to see in the meantime Peking, Tientsin, Tsingtau, Tsinanfu and Yanking, I received a very good conception from which also our organization will benefit.

I intend to proceed to Japan soon, where an entirely different world will be waiting for me. My present stay, as well as my journey in northern China, which incidentally thanks to the courtesy of the Japanese Military authorities I was able to make by plane, proved to be a good preparation for my work in Japan.

It is indeed necessary to keep in mind the broad views, and for that one needs a full survey of the whole.

TRANSLATION OF DOCUMENT No. SI-1390
CONTINUED

(page 1 of original, cont'd.)

In the meantime I trust that you as well as circumstances permit, and that you are satisfied with the progress of the Research Society.

With kind regards and best wishes for your well-being
I am most sincerely yours,

signed: Jesse v. FUTLENER

CERTIFICATE OF TRANSLATION

11 June 1947

I, Robert HOFFMANN, Civ. No. U.K. 1375, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of document No. 1390.

Robert HOFFMANN
Civ. No. U.K. 1375

- 2 -
"END"

OFFICE OF CHIEF OF COUNSEL FOR THE CHINESE

Statement of Mr. HIROKAZU IKUZO () taken before
 Mr. Marvin F. Gray and Mr. Richard H. Larah, a member of
 the Investigative Division of the International Prosecution
 Section of G.H., S.C.A.P., on 18 July 1946. Mr. HIROKAZU, being
 duly sworn stated as follows:

Q: What is your name.

A: HIROKAZU IKUZO.

Q: Have you ever served in the Japanese Army in China?

A: Yes. I came to Shanghai in 1942 as a second Lieutenant
 in the Garrison Force.

Q: What was your position in the Garrison Force at that time?

A: I was in the Liaison Section concerning third nationals.

Q: How was your position changed?

A: In December 1943 I went into the Liaison Section of the
 Army Bureau in Shanghai. My principal job was to handle
 affairs concerning Swiss, Swedish, French and Italians.

Q: What was your rank at that time?

A: I became a first lieutenant in April 1944 and a Captain
 at the end of the war.

Q: Have you ever heard of Baron von Puttkamer?

A: Yes, he was a German in charge of the German Information
 Bureau. He worked closely with Dr. Takashima.

Q: What was his job?

A: Puttkamer was in charge of propaganda, but I am not
 acquainted with details, since I had nothing to do
 with the Germans.

Q: Did you see any of the propaganda put out by Puttkamer's
 office?

A: Yes, I used to see it on Takashima's desk. I was in the
 same office with Takashima. I do not remember what this
 propaganda said, but there was a lot of it. It was coming
 in all the time.

Q: Did Puttkamer and his Information Bureau continue to
 cooperate with the Japanese Army after the German
 Surrender?

A: Yes, I believe they did.

Q: Do you know of any written agreement between Puttkamer
 and the Japanese Army?

A: Yes, he had a written contract with them.

Q: Did you see it?

A: I saw the Japanese copy.

Q: When did you see it?

A: End of May 1945.

Q: Did you read this contract?

A: Yes, but very quickly, since it did not pertain to my work.

Q: To the best of your memory, what was in the contract?

A: There were many clauses. I don't remember the exact text but it stated that Puttkamer and his office would cooperate closely with the Japanese until the end of the war and that both Puttkamer and his office would be at the disposal of the Japanese army.

Proc. Trans. Ex# 52

- Q: You say, until the end of the war. Do you mean the end of the Pacific war?
- A: Naturally.
- Q: Did you see any of the Propaganda put out by Puttkamer and his office after the German surrender?
- A: I am not quite sure. Maybe I did, but I cannot remember.
- Q: Was Puttkamer turning in anything to the Japanese Army besides just propaganda?
- A: Yes, I know that he turned in reports to Takashima and Colonel Mori.
- Q: You say reports. Do you mean Intelligence reports?
- A: Yes. The German Information Bureau did more than just propaganda.
- Q: Did you see any of these reports?
- A: No, but I know that they were being handed in as this was sometimes discussed in the offices.
- Q: Did Takashima ever tell you that Puttkamer was handling Intelligence reports?
- A: Yes, he did.
- Q: Do you know whether or not these reports continued after the German surrender?
- A: I cannot say that for sure, but since Puttkamer had a contract I think it must continue.
- Q: You say that you were in the same office with Dr. Takashima. So you remember a telephone on his desk having a direct line to a German office in Shanghai?
- A: Yes, he had that.
- Q: To what office was this direct telephone wire attached?
- A: To the Ehrhardt office. Takashima spoke always over it in German, so I could not understand what was going on.
- Q: Did this telephone remain on Dr. Takashima's desk until the German Surrender?
- A: As far as I know, it was never disconnected.
- Q: Did the Ehrhardt Bureau continue operations with the Japanese Army after the German Surrender in May 1945 and until the Japanese Surrender in August 1945?
- A: Yes, I know that.
- Q: How do you know that?
- A: Takashima told me.
- Q: You must have observed other indications besides what Takashima told you.
- A: Ehrhardt used to come to visit Takashima. Also, Takashima had that telephone wire to Ehrhardt's office and he used to talk over it often. Sometimes, Takashima would make scheduled appointments with Ehrhardt so they must have been doing work together.

- Q: Do you know what Ehrhardt was doing after the German Surrender.
- A: Yes, they were catching short wave and sending reports to us.
- Q: How do you know that he was doing that?
- A: I discussed Ehrhardt once with Col. Mori and Col. Mori told me that Ehrhardt was giving reports on short wave catch.
- Q: Did Ehrhardt and his fellow Germans in the Ehrhardt Bureau sign contracts to continue operations with the Japanese?
- A: I never saw these contracts. I have the impression, however that he did. I heard somewhere, but I do not remember where. He must have signed like Puttkamer or Takashima would not work with him.
- Q: Why wouldn't Takashima work with him even without a contract?
- A: Well, the work was continuing after the German Surrender just as it did before. For that, he must have made some kind of contract. Puttkamer had a contract, so Ehrhardt must have a contract, or this would look very funny.
- Q: Did Walter Stennes ever visit Dr. Takashima at the Army Bureau Office?
- A: Yes, he used to visit him about once a month but that they did together I don't know.
- Q: Do you know whether Stennes was giving information to Takashima?
- A: No, I wouldn't know, but it is a fact that Stennes would sometimes visit the Army Bureau and that Takashima would many times go to Stennes. Takashima often told me that he had just been to see Stennes. I don't know what they did, but they must have had some kind of business together in information or there would be no reason for such meetings.
- Q: What was Dr. Takashima position in the Army Bureau?
- A: He was in charge of all German affairs and was a civilian with the rank of major.
- Q: Didn't he have an unusual amount of influence in the Army Bureau?
- A: Oh, yes. This was because, for one thing, his father was in charge of the biggest Japanese firm in China and Dr. Takashima himself was once a German Professor in the Military College. Combination of these circumstances made him a special man with much influence.

Q: How did he get the title of "Dr."? Is he a Doctor?
A: No, he is not a doctor. The title was given to him
by his friends as a compliment.

I have read the above statement and under it and I
swear that the contents of this statement are true to
the best of my knowledge and recollection of the facts.

/s/ HIROKAWA, IKUZO

Witnessed, subscribed and sworn to before us by HIROKAWA,
IKUZO, in the War Ministry Building, Tokyo, Japan, this
16th day of July 1946.

/s/ MARVIN M. GRAY

/s/ RICHARD H. LARSEN

I certify that the foregoing document Pros. Trans. Ex. #52 consisting of three pages, each of which bears my initials, is a true copy transcribed from the official record of trial in the case of U.S. v. Lothar Eisentrager, alias Ludwig Ehrhardt, et al., tried before a United States Military Commission during the period 26 August 1946 to 17 January 1947 at Shanghai, China.

signed: Fred B. HAMMOND, JR.

FRED B. HAMMOND, JR.
Major, Infantry
7708 War Crimes Group

" A CERTIFIED TRUE COPY "

- 4 -

E R D

EXCERPTS OF DOCUMENT No. NI-11534
OFFICE OF CHIEF OF COUNSEL FOR WAR CRIMES

(page 1 of original)

HEADQUARTERS WASHINGTON - PARTIES COMMAND

AFO 909

BEFORE A MILITARY COMMISSION
CONSTITUTED BY AUTHORITY OF THE
COMMANDING GENERAL, WASHINGTON
HEADQUARTERS COMMAND.

United States of America

VS

LOTHAR EISENTRAEGER, alias
LUDWIG KHRERDT
FRANZ SIEMERT
HERBERT GLITSCH
JOHANNES OTTO
ERICH HEISE
OSWALD UBRICHT
HANS NIEMANN
INGVARE RUDLOFF
RODO HABENICHT
HANS LOTHLEFFE
WOLF SCHENKE
HEINZ FEERACHKE
HANS LOSBERG
JOHANNES P. T. LE
SIEGFRIED FUELLKRUG
VALTHER REISSIG
JESCO von PUTTKAMER
ALFRED ROMAIN
ERNEST MOERMANN
WILHELM STOLLER
LEONAR von RANOW

CHARGE

That between 8 May and 15 August 1945, Lothar Eisentraeger alias Ludwig Khrerdt, Franz Siemert, Herbert Glitsch, Johannes Otto, Erich Heise, Oswald Ubricht, Hans Niemann, Ingvare Rudloff, Rodo Habenicht, Hans Lothleffe, Wolf Schenke, Heinz Feerachke, Hans Losberg, Johannes Rathje, Siegfried Fuellkrug, Valther Reissig, Jesco von Puttkamer, Alfred Romain, Ernst Moermann, Wilhelm Stoller, Leonar von Randow, individually and as officials, nationals, citizens, agents or employees of Germany, while residing in China at a time when the United States of America was at war with Japan, and in China, in a theatre of military operations, knowingly, wilfully and unlawfully violated the unconditional German surrender by engaging in and continuing military activity against the United States and its allies, to wit, by furnishing, ordering, authorizing, permitting and failing to stop the furnishing of aid, assistance, information, advice, intelligence, propaganda and materials to the Japanese armed forces and agencies thereof, by such acts of treachery assisting Japan in waging war against United States of America, in violation of the laws and customs of war.

BILL OF PARTICULARS

(page 5 of original)

.....

17. That between 8 May and 16 August 1945, JESOO von PUTTKAMER, in his position as head of the German Information Bureau, Shanghai, a military propaganda agency of the German Embassy to enemy-occupied China, did therewith individually and by his agents wilfully and unlawfully engage in military activity against the United States and its allies, to wit, psychological warfare by designing, preparing and furnishing to the Japanese armed forces for their use propaganda material in the English language consisting of inter alia, leaflets, posters, and photographs designed to influence, adversely to the United States and its allies, the actions of United States troops and civilian populations; and that he did wilfully and unlawfully furnish military advice, information and intelligence to the Japanese armed forces.

.....

(page 6 of original)

.....
 Dated 31 July 1946

/s/ E. I. Farrell
 /t/ E. I. FARRELL
 Captain, USMC

AFFIDAVIT

Before me personally appeared the above named accused this 31 day of July 1946 and made oath that he is a person subject to military law and that he personally signed the foregoing Charge and Bill of Particulars and further that he has investigated the matters set forth therein and that the same are true in fact to the best of his knowledge and belief.

/s/ Edward J. Murphy Jr
 /t/ EDWARD J. MURPHY JR
 Captain, JAGC

A true copy:

/s/ Jeremiah J. G. Connor
 JAMES J. G. CONNOR
 Lt. Col. JAGC

I certify that the foregoing document entitled "Pros. Trans. Ex. No. 5" consisting of six pages, each page bearing my initials, is a true copy of said document appearing in the official record of trial of the case of J.S. v. Lothar Bisontrogger, alias Ludwig Erhardt, et al. tried before a United States Military Commission in Shanghai, China during the period 28 August 1946 to 17 January 1947.

/s/ FRED D. BARFORD JR.
 Major Infantry
 7708 War Crimes Group

(page 7 of original)

COLONEL MARRON: These findings and sentences are as follows:

.....

.....
You, LOTHAR BISENTER DOER, of the charge as named WILSON, and
are sentenced to be confined at here or at such place as the
reviewing authority may direct for thirty (30) days.

.....

(page 8 of original)

CERTIFICATE

I certify that the foregoing is a true copy of the
Findings and Sentences transcribed from the official record
of trial in the case of US vs. LOTHAR BISENTER DOER, alias
LOTHAR BISENTER et al, tried before a United States
Military Commission during the period 26 August 1946 to
17 January 1947 at Shanghai, China.

(3363-3365)

s./ FRED B. MARSH
(Signature)
Major Infantry
7708 War Crime Group

TRANSLATION OF DOCUMENT No. NI-650
OFFICE OF CHIEF OF COUNSEL FOR WAR CRIMES

Letterhead
Dr. BLOCH
Lieutenant-Colonel
in the
Supreme Command of
the Wehrmacht

Berlin W. 35, 13 April 1943

Dr. Georg v. Schnitzler
Member of the Vorstand of I.G. Farben-Industrie A.G.

F r a n k f u r t / M a i n
Gruenbergplatz

Dear Dr. v. Schnitzler,

By order of the Army Personnel Office dated 1 April 1943 I shall shortly take over a battalion in the East. I shall therefore leave my present office and must express my sincerest gratitude for the lively interest and extensive assistance you have rendered to our service.

My successor is Lieut.-Col. Focke; he intends to establish contact with you as soon as possible.

I request that you continue our present good and confident cooperation with my successor as well.

with sincere greetings,

Heil Hitler

Yours very faithfully,

signature : - BLOCH

TRANSLATION OF DOCUMENT No. NI- 650
CONTINUED

(page 2 of original)

Lieut.-Col. Dr. Bloch
in the Supreme Command
of the Wehrmacht.

B e r l i n , 25.

Dear Lieut.-Col. Bloch,

Many thanks for your pleasant letter of the 19th April and my
best wishes for success in your new position.

I shall consider it my honorable duty to cooperate with your
successor, Lieut.-Col. Focke in the same way in which I cooperated
with you.

With sincere greetings,

Heil Hitler

Yours very faithfully,

CERTIFICATE OF TRANSLATION

-c- - - - -

22 September 1947

I, Arthur M/CN/MARA, AGO No. 20 191, hereby certify that I am a
duly appointed translator for the German and English languages
and that the above is a true and correct translation of the
document No. NI-650.

.....
Arthur M/CN/MARA
AGO Nr. 20 191

142

To

(date illegible)

Dr. Georg v. Schnitzler

Member of the Vorstand of I.G. Farbenindustrie A.G.

Frankfurt/Main
Gruensburg Platz

Dear Dr. v. Schnitzler,

I want to inform that I shall leave Berlin and my present office shortly to take over a front command. I feel I must write to thank you for the valuable assistance you have given to my office. I shall always have a pleasant memory of the personal and official co-operation with you. I should like to take this opportunity to ask you to assist my successor, Lieutenant Colonel I.G. Hansen, in the same manner in which you have helped me.

With very thanks, and Heil Hitler.

Yours faithfully

(signature)

illegible

TRANSLATION OF
DOCUMENT II-7627
24.3.43 (?)

To
Colonel FIPKEWROCK, General Staff
Chief of Abwehr Department I
in the Armed Forces High Command
Berlin

Dear Colonel,

I want to thank you for your kind letter of 15 March and
express my best wishes for your new front command.

It was always an honor for me and my colleagues working here
in Frankfurt on the foreign business to place ourselves at
your disposal at any time for your special tasks, and we shall
of course continue to do so in future, after you have given
us your office to your successor, Lt. Col. I.G. Hansen.

With best regards and Heil Hitler

Yours faithfully

(no signature)

CERTIFICATE OF TRANSLATION

I, Samuel S. Horn, APO No. 443113, hereby certify that I am
a duly appointed translator for the German and English lan-
guages and that the above is a true and correct translation
of the document No. II-7627.

(s)

SAMUEL S. HORN

-2-
END

MILITARY NO. II
CRIMINAL Li 50
Nuremberg Document Book No.

Engl.



INDEX TO DOCUMENT BOOK I

I.G. Farben Case - Count I/E

With the approach of war and in connection with each new act of aggression, FARBEN intensified its preparation for and participation in the planning and execution of such aggressions and the reaping of spoils therefrom.

| Exhibit No. | Document No. | Description of Document | Page No. |
|-------------|--------------|--|----------|
| | NI-2796 | Excerpt from minutes of Farben's Legal Committee held 17 March 1939 on the "Protection of I.G. assets abroad". The committee discusses the immediate measures which must be taken to protect Farben's foreign assets in "enemy" territory against seizure; decides that the best protection is fictitious transfers to loyal neutral custodians. | 1 |
| | NI-2796-A | Interrogation of Dr. Kuemper of legal committee re previous document. | 75 |
| | NI-4923 | Memorandum by von Jospatt of 22 July 1939 on the measures to be taken with respect to specified subsidiaries "for the case of war." | 74 |
| | NI-5769 | Letter from I.G. Farben to the Reich Ministry of Economics of 26 June 1939 on the safe-guarding of foreign sales companies indicating that a trustworthy neutral "transference" has been obtained to hold the stock of certain foreign subsidiaries which are "artificially in danger." | 75 |
| | NI-8496 | Letter from I.G. Farben to the Reich Ministry of Economics of 24 July 1939 reciting that Farben's usual methods of camouflage are ineffective and concluding "that real protection" against wartime seizure can only be obtained "by our renouncing of legal bindings between the owners of the shares to neutral holders who "will give the absolute guarantee by virtue of personal relations of long years standing...that in spite of their absolute independence they will never dispose of these values otherwise than in a manner fully considering our interests." | 79 |
| | NI-7078 | Letter from Farben to the Reich Ministry of Economics of 12 August 1939 stating the measures to be taken to protect foreign sales companies against seizure will in no way impair Farben "decisive" influence" in these companies to ensure that they will conform with the "general viewpoint on government and economic policies." | 37 |



Exhibit Document

No. No. Description of Document Page No.

NI-6121 Circular memorandum of Reich Ministry of Economics of 9 September 1939 to the directors of the Foreign Exchange Offices instructing them to permit the camouflage of private German assets and indicating that it would be advisable for the parent companies to renounce all formal and legal ties so long as they could maintain their control of the subsidiaries in question.

34

NI-8498 Extract of 1 April 1938 of discussions held in Basle on 31 March with respect to the rearrangement of the relations between I.G. Farben and I.G. Chemie, Switzerland. Chemie held General Aniline & Film, United States and the extract recites that measures should be taken so that the German interest which is "undesirable from the American point of view can be lessened while preserving the rights of the German share-holders."

46

NI-8773 Letter from Kertész to Furster of 15 September 1939 urging the "Americanization" of Farben's assets in the U.S. since "it is to be expected in any case that the U.S. also will join the enemies of Germany, possibly sooner than expected."

49

NI-8770 Letter from the I.G. Farben to the Foreign Exchange Department of the Reichsbank of 17 November 1939 indicating the necessity for the "sale" of specified American assets of I.G. Farben.

51

NI-8768 Letter from I.G. Farben to the Reich Ministry of Economics of 15 May 1940 indicating the measures which Farben proposes to take for the purpose of safeguarding General Aniline and Film Corporation, and requesting approval of the measures outlined.

57

NI-8771 Letter of I.G. Farben to the Economic Group for banking of 11 June 1940 explaining the transfer of shares of I.G. Chemie for the purpose of "Americanizing" General Aniline & Film Corporation.

58

| Exhibit No. | Document No. | Description of Document | Page No. |
|-------------|------------------------|---|----------|
| | NI-5772 | Letter from I.G. Farben to the Reich Ministry of Economics of 11 June 1940 again explaining the need to make General Aniline & Film appear to be an independent American concern, and indicating that the "entire transaction" for the fictitious sale of I.G. Chemie "had been worked out in agreement with the competent Reich authorities as these are evidently interested in the safeguarding of our American interests which is most important from a politico-economic point of view." | 60 |
| | NI-6166 | Letter of the I.G. Farben to the Reichsbank of 11 June 1940 describing "re-arrangement" of relations with I.G. Chemie and requesting its approval to the execution of the transaction. | 63 |
| | NI-5767 | Letter of the Deutscher Laender bank to the Reich Ministry of Finance of 7 August 1940 indicating the necessity of "giving General Aniline & Film Corporation the character of an irreproachably non-German Company" so that I.G. Farben may be able to transfer to it its most valuable American assets and also to prevent its seizure as German property. | 66 |
| | NI-2746 | Report of I.G. Farben to the Ministry of Economics of 26 September 1940, entitled "Safeguarding of Latin-American Sales Companies" stating that in 1937, "when the danger of a new conflict became more and more apparent," Farben intensified its camouflage measures to prevent seizure by enemy custodians. | 70 |
| | NI- 2735 -A | Letter from Supervisory Office Chemical Industry addressed to Farben, 7 August 1940, re further camouflaging of German companies in foreign countries. Letter from Farben NW 7 Office to Commercial Committee, 14 August 1940, advising of intention to discuss camouflaging raised by previous letter at meeting of Commercial Committee. | 74 |
| | NI-2746-B | Affidavit of Dr. Kuepper of Legal Committee re NI-2746. | 85 |
| | NI-8646 | Memorandum of Gustav Kuepper of 2 October 1940 on "Camouflage of German agencies abroad indicating that the cloaking of foreign subsidiaries was resorted to by Farben prior to the war for reasons of commercial or fiscal policy. | 87 |
| | NI-8646-A | Affidavit of Dr. Kuepper re preceding document. | 96 |

TRANSLATION OF DOCUMENT No. NI-2795
OFFICE OF CHIEF OF COUNSEL FOR WAR CRIMES

LEGAL DIVISION FARBEN

Frankfurt/Main, 8 June 1939

CONFIDENTIAL:

To:

Direktor Dr. von SCHWITZLER,
Kommerzienrat WAIBEL,
Direktor Dr. ter MESS,
Direktor Dr. WALTNER,
Direktor von BREUNING,
Prokurist ECKERT,
Direktor HOPPEN,
Direktor JUNGELUTH,
Direktor KOSHLER,
Direktor Dr. KUGLER,
Dr. OVERHOFF,
Prokurist FARBST,
Direktor SCHWAB,
Direktor SEYD,
Direktor VOIGT,
Direktor WIGANDT,
Executive Division Farben.

Re: Protection of I.G. Assets Abroad.

Enclosed herein we submit to you a summary of the minutes of the meeting of the Legal Committee in Berlin on March 17, 1939. We ask you to consider whether, within the scope of your authority, any further measures for the protection of I.G. assets abroad should be taken, and if so, to get in touch with us for the purpose of taking such measures.

(Signature:) RUSPPER

Enclosure.

(page 1 of original)

Protection of I.G. Assets Abroad.

The problem of protecting the I.G. assets in foreign countries presents, as Kersten further states, two questions, namely:

- 1) Protection against writs of attachment or execution
(Vollstreckungsmaßnahmen),
- 2) Protection against sequestration in time of war
(Kriegsbeschlagnahme).

The I.G. assets in foreign countries consist principally of:

(page 1 of original, cont'd)

- a) the sales organizations,
- b) depots,
- c) claims, and
- d) patents.

The protection of these assets against sequestration in the event of war calls for much more far-reaching measures than does protection against writs of attachment or execution. The following discussion with respect to the several groups of assets deals therefore first with protection against sequestration in the event of war, since conclusions reached for that purpose are also applicable to protection against writs of execution and attachment.

In this connection we must refer to the legislation developed in the enemy countries allied against us, during the last war, inasmuch as, in a new conflict, we should certainly have to anticipate a reenactment of the statutory provisions, then in force. Economic warfare was most consistently conducted in England.

England's aim was also to coordinate, to the greatest possible extent,

(page 2 of original)

the legislation of the other allied enemy powers with its own, an effort in which she was largely successful at the Paris Economic Conference of 1915. The following discussion is therefore chiefly concentrated on English statutes and decisions, unless other countries have adopted different measures with respect to specific problems.

As early as the middle of the nineteenth century the principle was recognized in England that

"since it is in the nature of war to put an end to the enemy's trade and to obtain possession of it, a declaration of war is followed by a prohibition of commercial relationships and correspondence with the residents of enemy states unless special license is obtained from the government. War leads to a number of well-known special regulations, it prohibits all trade with the enemy except for that licensed by the Government and it dissolves all contracts that presupposed the existence of such trade."

On the basis of these principles there were enacted, starting with the Trading with the Enemy Proclamation of 5 August 1941, numerous special provisions which led to a more and more intensified economic warfare.

These regulations start with the prohibition of trade with persons in enemy territory including British subjects residing there ("territorial principle") and extend eventually to all persons even if not in enemy territory who are either

(page 2 of original, cont'd)

enemy citizens or
have relationships with the enemy,

facts determined by findings based upon information received by the British intelligence services ("personal principle").

According to the original legislation of 1914, trade with enemy branch offices outside enemy territory, e.g. in neutral countries or within the country itself, remained permissible. Due to that circumstance, Germany was still able to maintain her trade by making use of such neutral intermediaries.

(page 3 of original)

As a result, the prohibition of trading was extended in December 1915 to all persons and firms -

to the extent to which, in the opinion of His Majesty, such prohibition appeared advisable because of enemy citizenship or enemy connections.

Thus trade with all firms that were regarded as suspect could be prohibited simply by placing their names on a blacklist. The significance of this blacklist can be seen from the fact that in 1916, 2,415 firms were listed on it, among them -

| | |
|--------------------|-----------|
| in the Netherlands | 211 |
| in Norway | 138 |
| in Greece | 95 |
| in Argentina | 160, etc. |

In addition to the blacklist, there existed a so-called gray list. Its significance was that while trade with the firms placed on it was not prohibited, it was declared undesirable. In practice the gray list had much the same effect as the blacklist. The number of Swiss firms alone amounted to 134.

The prohibition against trade applied to -

- 1) Payment of money to or for the benefit of the enemy;
- 2) Direct or indirect delivery of goods to, or direct or indirect importation of goods from an enemy or on his behalf as well as trade in goods which are destined for enemy territory or originate there;
- 3) Conclusion of contracts with enemies or on their behalf.

The concept "enemy" is here used in its broad definition, i.e. inclusive of blacklisted neutrals.

(page 3 of original, cont'd)

As early as the end of 1914 trustees were appointed to whom all payments and deliveries on behalf of the enemy had to be made. Comptrollers could be appointed for enemy enterprises who had the rights of sequestrators and were authorized to sell those enterprises or their assets in the open market if it were considered to be in the interest of Great Britain.

(page 4 of original)

By virtue of the resolutions of January 27, 1915, these measures could be taken against all persons on the blacklist, i.e., businesses, persons, and enterprises which

because of enemy citizenship or connexion to the enemy, appear to be carried on entirely or predominantly on behalf or under the control of enemies.

These provisions also authorized annulment of individual contracts with neutrals and seizure of individual assets of neutrals if the foregoing definition was considered applicable and an ensuing controversy with the neutral government was deemed to be a lesser evil. These amendments constitute the high watermark of English economic warfare legislation.

With respect to the several groups of I.G. assets abroad, the following conclusions are reached in the light of the English economic warfare legislation, of which the bare outlines have just been traced.

a) The sales apparatus of I.G. abroad (which shall be understood, in the following, to include agent firms with their good will, mailing lists, connections, etc.) has because of

- 1) tax laws,
- 2) national sales propaganda ("buy in your own country"),
- 3) the desire to avoid boycotts,
- 4) the desire to avoid special controls applicable to foreign companies,

been organized, as a matter of principle, in such a fashion that I.G. or its several affiliated companies do not openly hold shares or other interests in these agent firms. There are only a few exceptions to this principle as, for instance, in the case of Agfa-Photo/Roumania

While formerly the shares or similar interests in these agent firms were largely held by individuals, mostly citizens of the particular country or by companies, as trustees for I.G., this system has, to an ever-increasing extent in the last few years, been abandoned in favor of an arrangement under which shares or similar interests are acquired by individuals or firms with their own means (occasionally assisted by credits extended by I.G.) subject, however, to an option in favor of I.G. permitting I.G. to acquire the shares for itself or to have third parties acquire them.

(page 4 of original, cont'd)

In the light of enemy economic warfare legislation, the following observations with respect to this situation may be made:

(page 5 of original)

aa) If I.G. or German nationals are the declared owners of such shares or similar interests, seizure will result in case of war.

bb) If the shares or similar interests are held for I.G. by non-German trustees residing in enemy territory, there is a duty to declare such holdings, which again will lead to seizure.

cc) If the shares or similar interests are held for I.G. by non-German trustees who are not residents of enemy territory the danger of seizure arises if for some reason I.G.'s actual ownership becomes known.

dd) If the shares or other interests are actually held by a national of an enemy country, such holdings will not be affected by economic warfare measures of the enemy, unless the owner comes under suspicion of maintaining relations with the enemy. In that case, seizure and liquidation of the shares or similar interests may follow. Any option in favor of I.G. is extinguished since, according to English legislation, any contracts that may strengthen the enemy's economic position even after the war, are considered voided by the outbreak of war. If the option exists in favor of a neutral, the liquidation of such an option - as of any other asset - may be ordered, if the neutral is suspected of relationships with the enemy.

ee) If the shares or similar interests are actually held by a neutral who resides in a neutral country, enemy economic warfare measures are ineffective; even an option in favor of I.G. will remain unaffected. A sole exception arises if the neutral is placed on the "blacklist", since then the liquidation of the shares or similar interest may also be ordered. The English during the war made very sparing use of the authority to liquidate assets in the United Kingdom of a "blacklisted" neutral inasmuch as such procedure invariably resulted in controversies with the government of the neutral involved, controversies which frequently were out of all proportion to the results obtained by such liquidation.

This survey shows that the risk of seizure of the sales organizations in the event of war is minimized if the holders of shares or similar interests are neutrals residing in neutral countries. Such a distribution of holdings of shares or other interests has the further advantage of forestalling any conflicts troubling the conscience of an enemy national who will inevitably be caught between his patriotic feelings and his loyalty to I.G. A further advantage is that the neutral, in case of war, generally retains his freedom of movement, while enemy nationals are frequently

(page 6 of original)

called into the vice of their country, in various capacities, and therefore can no longer take care of business matters.

Nevertheless, it is obvious that transfers of shares or similar interests in our sales companies to neutrals residing in neutral countries cannot be carried out uniformly in all cases and without consideration of other aspects. To mention just two of these, an accumulation of such shareholdings in the few countries that will presumably remain neutral would arouse suspicion, and the number of trustworthy persons who can be considered as suitable holders of such shares or similar interests is limited. In addition, it is necessary that protective measures to be taken by I.G. for the eventuality of war should not substantially interfere with the conduct of business in normal times. For a variety of reasons it is of the greatest importance for the normal conduct of business that the officials heading the agent firms, who are, from the point of view of camouflage, particularly suitable as shareholders, should be citizens of the countries concerned. Consequently, when sales firms are organized and the shares or similar interests in the firms are being distributed, the protection against seizure in war time should, as principle, be only one of several pertinent considerations; in setting up sales organizations a decision must be reached in each case as to the extent to which protection against war seizure can be secured without interfering with other interests that should be safeguarded. At the same time, it must be kept in mind that, in case of war, possibly a large number of countries - as, e.g., in the World War, China and some of the South American countries - will be drawn into the war against their own wishes. These countries especially when they do not become involved in actual warfare, are not particularly interested in an energetic enforcement of economic warfare legislation. Protective steps against seizure in the event of war are obviously much less urgent in these countries.

However, as far as possible with due regard to the other interests which call for our consideration, neutral influences should be strengthened in our agencies abroad by the transfer of shares or similar interests to neutral holders.

(page 7 of original)

If this is not possible, it seems advisable to transfer the shares or similar interests to parties who are nationals of the particular country and to provide for options on these shares or similar interests not in favor of I.G. directly but running to some neutral party with an ultimate option in I.G.'s favor.

The adoption of these measures would offer protection against seizure in the event of war, although this protection may not be a complete one. At the same time, they would provide comprehensive safeguards against attachments and executions since such levies cannot be made, in the enforcement of claims against I.G., upon assets actually held by parties who are not connected with I.G.

(page 7 of original, cont'd)

b) Stocks Abroad.

These formerly stocks abroad were mostly held on consignment from I.G., we have recently, for a variety of reasons, turned to selling these stores outright to our agencies which sell them now as independent dealers.

In the event of war, stocks held on consignment and owned by I.G. are subject to seizure. Where agents own their depots, however, their fate depends on whether the agency itself is considered by the authorities as an enemy of their country within the terms of the broad English definition. If an agency is considered, notwithstanding such camouflage measures as may have been adopted, its stocks will likewise be subject to seizure.

To avoid such seizure, consideration has been given to making sales through a genuine intermediary residing in a neutral country; this intermediary would also be the owner of the depot consigned to and held by the agency. This method, however, is not feasible for I.G. for technical and fiscal reasons, mainly because it would jeopardize the close contact with the finisher, a contact which is absolutely essential for our business. Nor would this method be likely to afford effective protection in case of war since, in the light of our experience gained during the World War, it is most likely that the neutral intermediary would be put on the blacklist; the result would almost certainly be that, in the enemy country, payment of the proceeds to the intermediary would be prohibited and the stocks owned by him would be seized.

(page 8 of original)

Losses, however, occasioned by such seizure may, at least partially, be avoided by pledging the stocks for loans, the proceeds of which would be transferred directly or indirectly to I.G. Such steps have been taken by the Central Finance Administration for several years, up to now, it is true, mostly for reasons of maintaining market quotations and assuring the transfer of foreign exchange. They are, however, important also with respect to seizures in the event of war.

The reason is this. The enemy wartime legislation during the World War has explicitly held valid pledges or other creditors' rights in German property. Thus in England, for instance, the regulations concerning the branches of German banks in England provided that securities of German owners deposited in these branches and pledged to British subjects or neutrals should be liquidated, that the proceeds be used to satisfy the creditors and that only the balance be transferred to the Custodian. In the United States the same principle was explicitly established by the Act of October 3, 1917, subsection 8 (a). In France, the same principles were established by jurisdiction.

Accordingly, insofar as stocks abroad are pledged to enemy and neutral banks as security for loans the proceeds of which have been

(page 8 of original, cont'd)

transferred to I.G., I.G. avoids, in the event of war, losses resulting from seizure up to the amount of the credit extended; the bank, on the other hand, which extended the credit is able to realize its claim by selling the goods pledged.

When such credit transactions are carried out, it must be kept in mind, however, that I.G.'s joint sales organizations have somewhat divergent interests with regard to protection of stocks, inasmuch as Asfa and Nitroben are exclusively interested in protecting the value of the stocks; whereas the interests of Farben and Pharma are more comprehensive since they are anxious to see that even in an emergency the ownership in the stocks should not pass into foreign hands, since this would entail additional disadvantages and losses. (Compare, e.g., the seizure of dyestuff stocks for purposes of reparations).

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With respect to the first category, the most important consideration is that the loan to be obtained cover the largest possible proportion of the stocks. It does not matter whether the creditor be an enemy or a neutral, since, on the whole, it is a matter of indifference to I.G. how the stocks are sold in order, say, to satisfy the creditor. In any event, the creditor himself probably could successfully resist a sale of the inventory at prices that were so low as to be manifestly unfair and would result in leaving the creditor partially unsatisfied and I.G. liable for the deficiency. The only matter to be kept in mind is that if the neutral creditor should be placed on the blacklist he would not be able to collect the proceeds of the liquidation.

If, as in the case of the Farben and Pharma stocks, we have an interest in preventing the stocks from passing into foreign hands it would seem more practical to pledge them to neutrals by way of security because then we have better reason to hope that we may exercise some influence upon the liquidation of those stocks. It must be kept in mind, however, that according to the law of almost all countries a forfeiture clause to the effect that the creditor becomes owner of the goods pledged, if the debt is not paid when due, is void. In such cases, an attempt must therefore be made to agree with the creditors that when the loans fall due, the liquidation of the goods should be made in the first instance through certain firms set forth in the agreement. It can be pointed out that this method of liquidation serves also the interest of the creditor; nevertheless, the danger should not be overlooked that, when the crucial moment arrives, such stipulations may be considered invalid.

The prospects for obtaining credit for purposes of protecting the various stocks are by no means unlimited. Experiences such as those gained in the case of the depot of I.G. Dyestuffs, Manchester, show that such credits are sometimes obtainable only upon conditions which, in turn, entail considerable complications in the normal sales business (in the case of I.G. Dyestuffs it would have been possible to obtain credit only if the agency would have been changed from a commission ba-

TRANSLATION OF DOCUMENT No. NI-2796
CONTINUED

(page ~~10~~ of original, cont'd)

sis to that of an independent dealer. In the case of the dyestuffs trade, however, this would result in particularly grave complications since in that case the intensive sales work with each individual customer with respect to prices and technical problems could no longer be handled through I.G. direct). It is therefore necessary that here also all interests be weighed and that, in particular cases, the aim to protect be abandoned if the cost of such protection, comprehensively viewed, is out of proportion to the advantage it would achieve.

(page 12 of original)

The Central Finance Administration endeavors to overcome, by special arrangements and set-ups, any difficulties that may stand in the way of obtaining credits. In particular, an attempt has been made to suggest to friendly banking interests abroad the establishment of credit corporations of the type which, while completely independent of Germany, have proven their worth as contact parties and intermediaries. Since both of the finance corporations heretofore established, i.e., The Axis Trading Company in London and Invero in Amsterdam, are situated in territories which, in the event of war, would probably not remain neutral, it appears advisable to create now a similar finance corporation for the Scandinavian countries as well. For this purpose, Central Finance Office has already held preparatory conferences with Norwegian and Swedish groups. The set-up of this company, which should have its principal office in Stockholm, is planned as follows: Of our Scandinavian business friends, the most important three Swedish and both Norwegian banks should participate in addition to Hambros Bank and the Norsk Hydro, furthermore, two managing officials from each of our agencies in Sweden and Norway and finally the Greatert company. Participation of Norsk Hydro is particularly desirable for the additional reason that Norsk Hydro itself has expressed the desire to share in the protection of the nitrogen depots abroad.

In this connection, a suggestion should be mentioned that was made by the Central Finance Administration with regard to the protection of the dyestuff depots in China. Since the stocks themselves were not considered as sufficient security by the prospective Dutch creditors, it was decided to deposit the proceeds which were to go to I.G. with another Dutch bank subject to the condition that that bank maintain, in turn, a deposit with the creditor to the same amount, to which recourse may be had if proceeds of the dyestuff stocks should not be sufficient to repay the loan in full. In this event the proceeds of the loan, it is true, would not be freely available to I.G. from the outset, but they would be beyond the reach of a possible sequestration in the event of war.

(page 11 of original)

Although the protection of stocks abroad has already been effected in many cases, it is nevertheless desirable that the sales organizations, together with the Central Finance Administration, systematically reexa-

(page 11 of original, cont'd)

mine each individual instance so that additional measures that may be deemed necessary can be considered and adopted.

Securities of this type afford protection for I.G., not only in case of sequestration in the event of war, but likewise against attachments and executions since contractual liens or pledges have priority over subsequent liens executed on the authority of Court. Putting up the stocks as security for loans does not afford complete protection since credit extended against the stocks as security will never exceed a fraction of the actual value and the rest is, of course, always subject to the danger of sequestration of one kind or another.

For the same reason, it is impossible by this method to protect any increase in the value of these stocks which might occur in the event of war.

c) Claims.

With regard to the third group of I.G. assets abroad, its claims against foreign debtors, the Central Finance Administration - frequently in connection with the pledging of stocks discussed in the preceding section - has already made cessions on a large scale, some as protection against currency fluctuations, others to secure foreign exchange more quickly or to utilize unusual opportunities for the transfer of foreign exchange. Such transfers were made possible by cessions, allowing for discount against our customers or by obtaining loans for which they had been ceded as securities. Together with those obtained by our agencies, our total loan obligations amount to approximately \$5,600,000,000. This is the equivalent of total foreign gross sales of I.G. for the period of 1 3/4 months with an average customers' credit of 3 months. It follows that I.G.'s foreign claims are protected up to approximately 60 per cent against seizure in the event of war. This applies also, at least to a certain extent, to claims resulting from licence agreements such as those for which Jasco, e.g., serves as an intervening creditor.

These credit arrangements, it is true, offer considerably less protection against executions and attachments.

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For instance, the Hambros credit amounting to more than £ 1,400,000 is secured by irrevocable orders by I.G. to a number of its agencies abroad to transfer all amounts payable to I.G. to its account with the Hambros Bank. The monies which in this way pass through our account with the Hambros Bank quarterly are at least equal to the amount of credit obtained by us. Since the deposits with Hambros are made to our account and can be claimed by Hambros Bank only when the loans are called, these deposits, at least while the loan remains outstanding, are subject to execution and attachment. Since, on the other hand, the arrangement chosen for the Hambros credit (especially the absence of

(page 12 of original, cont'd)

any requirement to transfer our claims) offers unusual advantages for our current business and our standing, it appears inadvisable to change it in order to strengthen the protection against executions and attachments. This is especially true since it must always be kept in mind that due to the large amounts of I.G. assets abroad, complete protection against executions and attachments will in any event, never be possible. Consequently, protective measures should be avoided which involve substantial disadvantages without materially improving the situation of I.G. with respect to future executions and attachments.

d) Patents.

At the outset it must be realized that protection of our foreign patent holdings against the danger of seizure in the event of war can only be arranged by transferring them to a foreign corporation. An examination of the opportunities existing in this respect, conducted jointly with the Patent Division at Ludwigsafen, has led to the following conclusions, as reported by Kersten:

If all the foreign patent holdings of I.G. were to be transferred to a corporation located in a neutral country, considerable difficulties would arise in the current handling of patent matters, difficulties which, however, would not be insurmountable. The handling of patents in the

(page 13 of original)

field of hydration may be taken as a precedent. These patents must be registered at The Hague in the name of Inco and that company has to take the responsibility for them. In the case of a foreign patent holding company which serves I.G.'s interests exclusively, the operations would probably be even simpler than in the case of Inco which in every single instance, and to a considerable extent has to make allowance for non-German interests.

The costs, however, of transferring our present foreign patent holdings to a neutral company would admittedly be considerable. The establishment of such an intermediate, neutral company would, of course, make sense only if the entire present foreign patent holdings of I.G., amounting to some 28,000 patents, could be transferred to that company. The cost of a patent transfer must be estimated at approximately RM. 10.00 per patent. This would result in a total expenditure of RM. 280,000, payable mostly in foreign exchange. In addition, it must be kept in mind that in France, where the situation, in every respect, is particularly dangerous, in the case of a patent transfer all unpaid future taxes are immediately payable. For the 3,500 French patents, with unpaid taxes averaging 5,000 French francs on each patent, an additional expenditure of foreign exchange amounting to RM. 1,000,000 would be required.

But even if the decision should be made to invest such large sums of money, the transfer of patents to a foreign corporation would not afford even a reasonable degree of protection against the danger of seizure in the event of war. According to English economic warfare

(page 13 of original, cont'd)

legislation, the Board of Trade was authorized to suspend or cancel enemy patents or patent applications, to transfer them to the Custodian or to issue licenses for them. This is yet another case in which

"such companies whose business is controlled by enemies or conducted for their benefit"

were defined as enemies.

In practice, however, a foreign patent holding company could conduct its business only by maintaining the closest possible relations with I.G. with regard to applications, processing, and exploitation of patents - it is sufficient to refer to our numerous agreements providing for an exchange of patents or experience.

(page 14 of original)

These contacts could not possibly escape the notice of the foreign intelligence service, particularly since, from the outset, such a patent holding company would be suspected because it had taken over our foreign patent holdings. Accordingly, in case of war, this company would certainly be considered as operating for the benefit of Germany with the result that the above-mentioned measures of seizure and liquidation could also be applied to its patent holdings.

To establish a connection between I.G. and the patent holding company loose enough to eliminate this danger with some measure of hope for success would not be possible because it would involve insurmountable difficulties for I.G. and also a removal of industrial potential from Germany ("Industrieverfall"). An additional difficulty consists in the necessity for establishing an adequate price, at the time of the transfer, for the patent or the invention; for if this price would be fixed as a percentage of the proceeds received by the foreign patent holding corporation the latter would again be considered as working for German interests.

Finally, however, attention is called to the following provisions of the English economic warfare legislation:

If it appears from the patent applications or any specification that the invention was communicated to the applicant by the enemy, the applicant was, unless the contrary could be proved, held to be entitled to the usufruct of the patent. Since under German patent law every patent application must disclose the inventor, a simple comparison between the foreign and the corresponding German patent application would disclose the German inventor. It would be a fruitless endeavor to attempt to prove to enemy courts or officials in wartime that the person entitled to the usufruct of a patent would not be the German inventor but solely the neutral patent holding company.

In short, the result of these considerations is that protection against seizure of our foreign patents in the event of war is practically impossible.

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The question remains to be examined whether such protection is not feasible at least against attempts to levy attachments or executions.

In the light of experience gained in connection with gold-clause litigation brought against A.E.G., that firm now transfers its patents to a German patent-holding corporation called Lisamnia; this is being done on the theory that possible foreign claims which may be asserted in the future against A.E.G. itself would no longer be enforceable by levy upon patents now held by another company.

Jurisdiction of all countries shows a constantly increasing trend toward a disregard of formal legal arrangements in favor of considering economic inter-relationships. In view of this trend it may be open to doubt whether, in the long run, the position can be successfully maintained that patent properties that have been transferred to the patent-holding company (Lisamnia) are not liable for the obligations of the parent company (A.E.G.).

The transfer of patent properties to a German patent-holding company of this type solely for protection against executions or attachments would not be practicable for I.G. for the reason mentioned elsewhere in this discussion, that - measured by the amounts involved in any execution or attachment proceedings that might be brought in the future - I.G. will always own substantial assets abroad which cannot be protected against such levies. A transfer of our patent properties to a German patent-holding company or possibly to the Asmonikwerk Merseburg, G.m.b.H., which has no foreign debts, would accordingly result only in considerable technical and other difficulties (use of production know-how) without achieving any marked changes with regard to a protection of I.G. from executions or attachments. For the same reason it has previously been decided not to adopt such a procedure.

(page 16 of original)

In summarizing, Kersten, after a thorough discussion, stated, with the consent of all, that for the protection of I.G.'s foreign assets against seizure in the event of war and against execution and attachment proceedings, the following measures are essential:

- | | |
|---|---|
| <u>With respect to the sales organizations:</u> | Strengthening of effective neutral possession of shares and similar interests. |
| <u>With respect to the stocks:</u> | Their use as pledges to foreign banks in form of security for loans the proceeds of which are made directly or indirectly available to I.G. |

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CONTINUED

(page 16 of original, cont'd)

With respect to claims:

Lossion of claims before
they fall due.

With respect to foreign patent possession: No protective measures
are available which could be carried out with any hope of success.

CERTIFICATE OF TRANSLATION

27 June 1947

I, Leonard LAWRENCE, No. 20136, hereby certify that I am thoroughly
conversant with the English and German languages and that the above
is a true and correct translation of the document No. NI-2796.

Leonard LAWRENCE
No. 20 136

- 14 -
"END"

14

Continued Interrogation of: Dr. Gustav Kuepper
Interrogator: Mr. Morris Amchen
Stenographer: Miss Ann Thrash
10 June 1947

- Q. This is a continuing interrogation. Dr. Kuepper, do you recall a meeting of the Legal Committee sometime in March, 1939, where a rather complete report was read on the steps to be taken to camouflage I.G. sales organizations and other interests abroad to protect it from seizure in the event of war. Do you recall such a meeting?
- A. Yes.
- Q. Who presided at that meeting?
- A. Mr. von Knieriem.
- Q. Do you recall whether there was discussion at that meeting on the steps to take to protect I.G. Farben patents abroad in the event of war?
- A. Yes, following a report given by Dr. Kersten.
- Q. To what extent, if any, did Dr. von Knieriem participate in this meeting?
- A. I do not exactly recall what he said but he approved the recommendations made by the reports of Dr. Kersten and myself.
- Q. Do you recall that sometime in June, 1939, you sent a copy of the minutes of the Legal Committee to the various directors and members of the Vorstand and you requested them to inform you whether they desired to have you or the Legal Committee take any further steps to protect their interests. Do you recall such a letter?
- A. I only recollect that I sent such a circular letter to the various departments in the big building of I.G. in Frankfurt.
- Q. You did not send that to Dr. von Knieriem as you recall?
- A. No, that was not necessary because he had presided at the meeting concerned and was already in possession of the report and of the minutes of that meeting.

- Q. Did any of the people in Frankfurt to whom you sent the minutes of the meeting make any inquiries or any requests for specific action?
- A. There were quite a number of discussions resulting from that circular letter which were even continued during the time of the war.
- Q. Who discussed these matters with you?
- A. Practically every head of the Foreign Sales Department.
- Q. Could you name the more important people who discussed this subject with you after that memorandum was sent?
- A. Yes—Dr. Overhoff, Waibel, Dr. Eugler, Pabst—generally to all people who I sent that circular letter with the exception of Dr. Ter Meer and Dr. Walther, who were in receipt of that circular letter only because of their membership in the Dyestuffs Committee. I had no particular discussion about it with Herr von Schaitzler, as far as I remember, but he was informed about it on various occasions at that time and afterward either by myself or by the heads of the various sales departments.
- Q. Do you recall discussing this subject with von Schaitzler around this time?
- A. Yes, along general lines.

(signed) Dr. Gustav Kupper

Sworn to before me this 10th day of
June 1947

(signed) MORRIS AMCHAN
Attorney, Office Chief of
Counsel for War Crimes
AGO No. D-329649

"A CERTIFIED TRUE COPY"

END

Translated from a photostatic copy of the
German original by FH/EG.

((Translator's notes appear in double parentheses))

(Handwritten notations appear in brackets)

on.

(Brit. India,
China,
England)

July 22, 1939
Dr. S./No.

Memo for the files.

Safeguarding measures for the case of war.

1. Belgium.

On October 12, 1938, the I.G. instructed the G.M.C.
((La Generale des Matieres Colorantes Produits Chimiques
et Pharmaceutiques Societe Cooperative)) irrevocably " to
pay" all the amounts which the G.M.C. " owes now and will
owe in the future in consequence of the sale of goods
on commission to the Banque de la Societe Generale de
Belgique S.A., Bruxelles, in favour of the Amsterdamsche
Bank " on account of the I.G.", and to consider this
instruction irrevocably valid till December, 31, 1941."
It may be assumed that in case of war this instruction
will not have the effect to prevent a confiscation of
the claims of the I.G. against the G.M.C. by the Belgian
government. As it is well known, even a cession, which
without any doubt is more far reaching than an irrevocable
instruction, is effective against a seizure by the credi-
tor of the transferrer only in case a signification
((original word)) took place.

The instruction of October 12, 1938, therefore, cannot be supposed to prevent the confiscation of the claims of the I.G. against the G.M.C. by the Belgian government. It might be worth considering however, whether the claims of the I.G. against the G.M.C. should not be ceded to the Amsterdamsche Bank. A cession was already planned at the time of the September crisis. However at that time the cession was not accepted by the Amsterdamsche Bank which asserted that it would not be effective, because the I.G. and the G.M.C. were identical from an economic point of view. In spite of this, we ought to try to induce the Amsterdamsche Bank even now to accept the cession of the claims. The signification of the cession took place already in September of the past year when the cession was planned first. The G.M.C. does not know that the cession was not accomplished. Therefore it might be sufficient to have the Amsterdamsche Bank sign the cession agreement, now, which was prepared at that time and already signed by the I.G., and this, for the sake of expediency under the date of September 1938. In case the Amsterdamsche Bank should not agree to this antedating, to-day's date should also be chosen eventually. In this case however a signification would have to take place once again, involving only very small expenses.

Mr. von Keister promised that the Zefi ((Central Finance Administration)) would approach the Amsterdamsche Bank with the above proposition.

The I.G. goods in stock at the G.M.C., valued at about bfrs. 8,000,000, are pledged at present to the G.M.C. for the possible G.M.C. claim against I.G. that may derive from the acceptance of the bill deposited as security.

The debt of the I.G. which the bill shall secure is due in January 1940 ((struck out in original)). Before the repayment of this debt the Belgian government has the right to seize the goods in Stock only to a very limited extent. If a claim is made against the G.M.C. on account of the acceptance, G.M.C. will be entitled to make a claim against the I.G. amounting to about bfrs. 7,800,000. As (p.3) long as it is not certain whether the G.M.C. has to pay on account of the acceptance, - thus acquiring a claim of bfrs. 7,800,000 against the I.G., - the Belgian government, by a seizure, can only acquire a junior lien behind the G.M.C. and thus only get hold of the proportionally low value of about bfrs. 200,000.

Up to the repayment of the debt of the I.G. for which the acceptance has been given, the goods in stock thus may be considered essentially protected.

2. France.

Here also exists an irrevocable I.G. instruction addressed to the Sopi ((Societe pour l' Exportation de Matieres Colorantes et de Produits Chimiques)), in conformity with the instruction addressed to the G.M.C. For the reasons mentioned above the French State has the possibility to confiscate the I.G. claim against the Sopi in case of war. A cession and a signification of the cession shall not take place, with respect to the high costs involved herein (1 3/4 per cent of the value of the assigned claim).

The goods in stock are property of the Sopi. Probably they will be pledged now to Kleinwort Sons & Co., London.

3. Egypt.

The goods in stock in Egypt, valued at about RM 175,000, are property of the I.G. These goods in stock (200,000) are completely unencumbered. Presently there is no possibility to pledge the goods in stock by taking up a credit. It might not be excluded, to take up a credit (p.4) with Kleinwort within some time. As a borrower, however, only the S.M.C. ((Societe de Matieres Colorantes Allemande Waibel & Cie)) can be considered. Kleinwort would accept the goods in stock as a security, if they were property of the S.M.C. A sale of the goods in stock to the S.M.C. and a transformation of the S.M.C. onto Sole-Importer ((original words)) is out of the question, following the discussion with Kommerzienrat Waibel and Director Voigt. That is why the goods in stock will remain unsecured also in the future.

The sale of the products from Egypt is effected by the S.M.C. on the base of a commission agency. There exists an irrevocable I.G. instruction of June 3, 1939, directing the S.M.C. to pay all amounts which it owes now and will owe to the I.G. in the future, to the Hambros Bank Ltd. on account of the I.G. Presently the accounts receivable of the S.M.C. amount to about Leg. 16,000 (dyestuffs and chemicals).

It seems very dubious if this instruction will prevent the Egyptian State from confiscating the I.G. claims against the S.M.C. Presumably the legal situation for Egypt is the same as for France and Belgium. However the fact that an English bank is favored by the instruction, may lead to the assumption that this bank will succeed in having its turn still prior to the Egyptian State, - even

in case that, from merely legal reasons, the Egyptian State would have the unlimited possibility of seizure --

(p.5) As for the Cif-transactions, the S.M.C. is the sales agent. The claims derived from purchase prices are owed thus to the I.G. These claims may be confiscated by the Egyptian State without any complication. They amount at present to about Leg. 8,000 (dyestuffs and chemicals).

A replacement of the actual partners in the S.M.C. (2 Germans and 1 Italian) by partners of neutral citizenship cannot be made at present. According to information received from the Zofi ((Central Finance Administration)) it is impossible in this moment to induce the persons considered to an entry into the S.M.C., because these persons would be held liable with their whole property for all the debts of the S.M.C., and because in case of war the usual guaranteed declaration of the I.G. would be worthless. As for the partnership relations of the S.M.C., all things shall remain as hitherto. In case of war, then, the S.M.C., of course, will be confiscated immediately.

5. England

The I.G. claims against I.G. Dyestuffs Ltd. are sufficiently secured by the irrevocable I.G. instruction directing the I.G. Dyestuffs Ltd. to pay to Hambros at maturity whenever. According to English law such an instruction is judged to be a cession (compare Curti English private and commercial law, volume 2, page 86). To make a cession effective toward the debtor or a third party, a written notice of the creditor to the debtor

is sufficient in any case. The requirement of a written notice might be complied with by the written I.G.

(p.6) instruction addressed to I.G. Dyestuffs Ltd. Following this Hambros would be able to have a compensation in advance in any case.

The goods in stock owned by J.G. Dyestuffs Ltd. are secured by the Kleinwort credit.

6. U.S.A. and Canada.

The present I.G. claims against C.D.C. ((Consolidated Dyestuffs Corporation Ltd.)), G.A.W. ((General Aniline Works Inc.)), and G.D.C. ((General Dyestuffs Corporation)) (New York) totally amount to about \$ 2,350,000. There exist acceptances of the three above firms, amounting to about \$ 1,200,000. These acceptances were transmitted to the National City Bank as a security for the National City Bank credit granted to the I.G. amounting presumably to about \$ 2,000,000. An irrevocable I.G. instruction directs the three mentioned firms to make all the payments on I.G. claims to the National City Bank.

Thus part of the I.G. accounts receivable, amounting to about \$ 800,000, is not secured, as the National City Bank needs - excluding the acceptances - only about \$ 650,000 of the amount still outstanding to repay its credit.

7. Australia.

(p7) There exists an irrevocable I.G. instruction directing the Dychem to make all payments on I.G. claims to the Hambros Bank. According to an information of Mr. Rong, a debt is being left permanently at the Hambros Bank at the amount of the I.G. claims against the Dychem, so that these I.G. accounts receivable are completely secured.

B. New Zealand.

The I.G. goods in stock are the following:

| | | |
|---|-----------------|--------|
| Dyestuffs and FH-products ((subsidiary dyeproducts)) | valued at about | 10,800 |
| Agfa and Kalle | | 23,800 |
| Chemicals | | 1,000. |

These goods in stock are completely unencumbered. A security would only be possible by a sale to the agency there, and by the agency's getting a credit out of which the purchase price might be paid. The agency itself mentioned the subject already. Thereupon it was asked to send more particular information. The answer has not been received yet.

The employment of Kleinwort is considered a possible by Mr. Song only in case that the goods in stock are transferred into the property of the agency.

The I.G. products are being sold by the Dyes and Chemicals in the name of the I.G. So the accounts receivable are owed to the I.G.; These claims are completely unsecured.

(illegible
marginal
notes) There exists an irrevocable instruction directing the agency to pay all amounts which it owes respectively will owe to the I.G. to the Hambros Bank. By this irrevocable instruction only the amounts are involved which are received by Dyes and Chemicals from the customers as pay-off on the purchase price.

Legal Department Dyestuffs
((sig. :)) von Gospat

F. 52

It might be worth considering, whether the customers in New Zealand should be given an irrevocable instruction in favor of Hambros, or whether a notice should be handed to them together with the invoices, notifying them of the cessation of the claim to Hambros.

shall not be made

for commercial reasons (according to Messrs. Dr. Kuepper
von Rospatt, von Szilvinyi)

(the above notation in parantheses is
shorthand written).

" A CERTIFIED TRUE COPY "

- 6 -
END.

24

To the
Reich Ministry for Economics
For attention of
Ministerialdirigent Dr. SCHLOTTERER

Handwritten:
Received 25/7

B e r l i n 8
Behrenstrasse 43

26.6.1939

Finance Secretariat 1039
G/vS/Bg. 1574

Measures for safeguarding the Share holdings
of our Foreign Sales Companies.

We refer to the discussion with Ministerialdirigent Dr. SCHLOTTERER on the 19th ultimo and beg to state the following:

The September crisis of last year has again induced us to submit the question of the safeguarding of participation in our foreign sales companies to a thorough examination, above all, in the countries of the British Empire. We arrived at the conclusion that, in many cases, the existing construction requires improvement and that, for reasons of taxation as well as in consideration of the possibility of European conflicts, it is necessary to undertake a reorganization on the following lines:

We have induced trustworthy business friends to found, in Amsterdam, the Chemische Handels-Maatschappij (Handwritten marginal note: "N.V. Chemikalien Maatschappij 'Chemidj'") - hereinafter referred to as Chemidj - with an authorized capital of hfl. 1,000,000, of which hfl. 200,000 is to be paid in. This company is to take over the whole or parts of the share capital of such sales

(page 2 of original)

companies of our firm abroad as we regard as particularly endangered or from those of the others in which, particularly for taxation reasons, an alteration of the present holding conditions with respect to the share capital, is necessary.

In particular, the following foreign representations are concerned:

| | |
|--|---|
| Handwritten marginal note: "To be left out" → | I.G. Dyestuffs Ltd., Manchester |
| | Dychem Trading Co. Pty. Ltd., Melbourne |
| | Consolidated Dyestuff Corporation Ltd., Montreal |
| | La Générale des Matières Colorantes Produits Chimiques et Pharmaceutiques Société Coopérative, Brussels, |
| | N.V. Defa Maatschappij voor Verstoffhandel, Arnheim N.V. Agfa Photo, Arnheim |

(page 2 of original, cont'd)

Individually, the following should be said:

1) I.G. Dyestuffs Ltd., Manchester.

This company is the representative in England of our Dyestuff-Sparte. Its share capital consists, at the present time, of £ 25,000 at par. Of these, £ 17,000 at par are ordinary shares and £ 8,000 at par are preference shares. The shares are allotted as follows: £ 16,000 at par ordinary shares (paid up 75%) are owned by the Nij. voor Industrie en Handelsbelangen N.V. in Amsterdam (referred to below as Maatschappij), which is closely-connected with the I.G. Chemie in Basle, and was some years ago, at our request, placed at our disposal by the latter for the trustee administration of shares of our foreign sales companies. Direktor KOEHLER, Frankfurt a.M., the chief of our Dyestuff business in England, who also belongs to the Board of the I.G. Dyestuffs, Ltd., Manchester, owns ordinary shares, to the value of £ 1,000 at par paid up 75%, Mr. George and Mr. TAYLOR, the two managers of the I.G. Dyestuffs, Ltd., own preference shares with a nominal value of £ 4,000 each, likewise 75% paid up. The I.G., that is our amalgamated firm Leopold Casella, has sold the shares to the nominal value of £ 24,950.- formerly owned by them - the shares to the nominal value of £ 50 in the possession of Mr. TAYLOR, which he had already previously owned were not included in the sales offer of the Maatschappij in the transaction carried out at the time - to the Maatschappij at the price of altogether £ 28,912.10, and allowed the payment of the purchase price to be deferred.

(page 3 of original)

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180%

In return, the Maatschappij made us an irrevocable sale offer for shares at a nominal value of £ 24,950 at the same rate. In the present legal conditions, therefore, the I.G. would at any time be able to re-acquire ordinary and preference shares to the nominal value of £ 17,000 and £ 7,950 respectively by ^{the same} purchase price claims one against the other. The value of the ordinary shares at the time of sale was calculated at 160% so that, for ordinary shares of a nominal value of £ 17,000 allowing for the 75% paid up, the purchase price would be £ 22,950, whereas the preference shares of a nominal value of £ 7,950 were valued at par, so that for them, allowing for the 75% paid up, the purchase price would be £ 5,962.10, totalling therefore a purchase price of £ 28,912.10.

On its part, the Maatschappij had sold to Direktor KOEHLER from the shares taken over ordinary shares of a nominal value of £ 1,000 at the price of £ 1,350. Direktor KOEHLER was allowed to defer the purchase price in return for which he made a sale offer to the Maatschappij at the same price. Further, the Maatschappij sold to Mr. GEORGE and Mr. TAYLOR preference shares with a nominal value of £ 4,000 at the price of £ 3,000 to each, against cash payment from their own means. Both gentlemen made to them sale offers for the blocks of shares at the same price, i.e. at £ 3,000 each. In view of the investment of their own means, Messrs. GEORGE and TAYLOR were both concerned that the cash purchase price paid by them should remain with a foreign company, which in the position at any time to accept the sale offer without foreign exchange

(page 3 of original, cont'd)

restrictions and to pay them back the full amount of the purchase price paid. For this reason, the Maatschappij did not transfer the £ 6,000 paid to them to the I.G. The present position is therefore that the Maatschappij owes the I.G. a total of £ 28,912.10 and against this holds £ 16,000 ordinary shares as its own property, while it can dispose of the nominally priced £ 1,000 ordinary shares of Direktor KOEHLER by writing them off against his deferred purchase price, and of the nominally priced £ 4,000 preference shares each of Messrs. GEORGE and TAYLOR against payment of £ 3,000 to each.

(page 4 of original)

For the further above mentioned reasons, the sale offer that the Maatschappij made to the I.G. is fixed at shares priced nominally not at £ 25,000 but at £ 21,950.

This arrangement, under which direct sale offers and corresponding loan obligations pass from the Maatschappij to our company, does not appear to insure the company adequately against political risks. In addition, however, there are the further weighty reasons which make a reorganization of I.G. Dyestuffs Ltd. necessary and which are known to the Reichsbank Directorate from the negotiations carried out. Notice of approval in this connection is dated 17 May 1939 and bears the File reference: AP. 2412 Bis/39 - and conceded by you on our Part Application of the 12th instant in your Notice of approval of 17 June 1939, File reference: V. Dev. 2/25644/39. It is a question of excluding the danger of sequestration in the event of political complications and of measures for ensuring the maintenance of the representative organization during any time of crisis. These aims are to be achieved, as explained in detail in our above-mentioned Part Application of the 12th instant, by the conversion of the representative organizations to a Sole Importer basis. In order to complete the severance from the I.G. (from the legal point of view) the Chehemi is furthermore to take over from the Maatschappij their present holding of Ordinary shares nominally priced at £ 16,000, against cash, and the sale offers of Messrs. KOEHLER, GEORGE and TAYLOR are likewise to be transferred from the Maatschappij to the Chehemi.

.....
2) Dychem Trading Co. Pty. Ltd., Melbourne.

(Analyst's note: . . . detailed discussion of the financial steps to be taken is set out).

3) Consolidated Dyestuff Corporation Ltd. Montreal.

(The financial steps to be taken, involving mainly "The Axe Trading Co." and "Chehemi", as also in the case of "Dychem Trading Co.", are discussed.)

TRANSLATION OF EXTRACTS FROM DOCUMENT No. NI-5769
CONTINUED

- 4) La Générale des Matières Colorantes, Produits Chimiques et Pharmaceutiques Société Coopérative, Brussels (abbrev. G.C.).

(A discussion of the steps in which "Chemidj" is to take over the interests of "Wantschappij" is set out.)

- 5) N.V. De Maatschappij voor Verfstoffenhandel, Arnhem (DeFa).

(Shares and option rights held by "Wantschappij" are to be acquired by "Chemidj" in the same manner as set out in case 4).

- 6) K.V. Agfa Photo, Arnhem.

(The financial manipulations intended for this company follow a similar pattern).

.....

- - - - -

CERTIFICATE OF TRANSLATION

17 June 1947

I, John FOSHERRY, No. 20179, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of Extracts from document No. NI-5769.

John FOSHERRY
No. 20179

28

TRANSLATION OF DOCUMENT No. 41-0496
OFFICE OF CHIEF OF COUNSEL FOR WAR CRIMES

1350 C (handwritten red)
37 (handwritten)

handwritten: Herrn Dir. Dr. RUEPPER
on his return
Herrn Dir. JUNGBLUTH
Jbf (initial)
Herrn Dir. KOEHLER K (initial)

v. SZILVINSKI
Herrn SINKEL S (initial)

To the
Reich Ministry of Economics

Stamp: Received 27 Jul
Replied -- 1939

BERLIN N.S.
Lehrstr. 43.

handwritten: Conversion
Anstschappelj
Chehamij
L.L.

24 July 1939

Finance Secretariat
No. (VERSTEN)/P. 2166

measures to protect the stockholdings of our foreign sales
companies.

We refer to our application of 26 June 1939 and to
the negotiations which we have had with you in the meantime.
You have asked us to define once again the opinion we hold
in connection with some of the questions raised during
these discussions. We should therefore like to
inform you as follows:

During our negotiations you pointed out that you
felt rather doubtful about approving the plans which we
suggested for the reorganization of our foreign
sales companies, because no provision is made for a legal
tie between Chehamij, - which is to serve as a holding-
company for the sales-companies, which we mentioned in
our application -; or between the stockholders thereof,
on the one hand, and our company on the other, which arrange-
ment would have enabled us to have direct access to the
assets which are to be transferred to Chehamij.

However, the absence of such legal ties seems
to us to be important if the aims, pursued by us in the
re-organization of our sales companies, are to be achieved.
We point out in this connection, that during recent

TRANSLATION OF DOCUMENT No. 11-8496
CONTINUED

(page 2 of original, cont'd)

"that the parties named did not acquire the assets stated as a result of an agreement, an option or some other kind of contract, in which they have agreed to re-sell or re-transfer these assets to the original owners, or to sell or transfer similar assets, or by means of which they can be provided upon to re-sell or transfer these or similar assets to the original owners."

(page 3 of original)

Handwritten: Conversion 24 Ju
and: Schappoj de/P.
Chehraj
L.L.

original notes
one should write and
ask once to have
this affidavit sent
from Berlin, since
we don't have it
here. We have only
an affidavit con-
cerning companies
which -- (2 words
illegible) do not
have in the U.S.A.

The purpose of this affidavit is to ascertain, whether the British Company concerned must be regarded as a business concern, managed by a foreign enterprise, although this fact is in the first place ascertained in connection with taxation, it would, of course, in the case of war play a significant role in the treatment of the company.

If the hitherto existing structure were to be retained therefore, the option as at present existing for U.S. - even if only indirectly - would not be concealed from the British authorities, and, in view of the legal consequences which might ensue, the present shareholders, some of whom are British subjects, can not be expected, to deny the obligations they have with regard to options, concealed from the British tax authorities, and again on their part would seek out by making further inquiries from those, holding the option rights, whether they in turn had obligations in this respect towards us or towards our German company.

The experiences which we have made show that we must be prepared for this procedure, at present only valid in an individual case, also adopted in other parts of the Empire, and possibly even in other States; consequently we think it necessary to consider these facts today in connection with the sales economics do it with in our application of 26 June 1939.

The discovery of the existence of such relations

TRANSLATION OF DOCUMENT No. 44-0456
CONTINUED

(page 3 of original, cont'd)

with I.G. would first of all, result in our sales companies, being treated, as regards taxes, as business concerns of our firm; this would lead to a considerable increase in the taxes which we would have to pay abroad, which would be very undesirable from the point of view of our foreign exchange policy, as it would mean a considerable decrease in the proceeds from our foreign-exchange transactions. Apart from this, however, we believe, that in view of the possibility of our breaking up, it is impossible to retain the present structure - the essential characteristic of which is the maintenance of direct or indirect legal ties between I.G. and the stockholders of the sales companies.

- Detailed study of the British Economic Warfare regulations

(page 4 of original)

Handwritten: Conversion 24 July
Vertscheppeij No/P. 216
Chokaidj
L.L.

and the instructions issued in connection with them - which, incidentally, served as examples to the other belligerent powers during the war - has shown, that there was a possibility of commercial relations being prohibited and of assets being sequestered not only as regards members of the enemy countries, but also as regards neutral persons or firms, which, as a result of investigation made by the British authorities working together with the British Intelligence Service, were discovered to be "dependent on the enemy" or "working on behalf of the enemy". Such investigations were also carried out in neutral countries in about the same manner, as, for instance, the agents of the American Treasury are carrying out customs investigations abroad, of those firms which are exporting to Germany. In view of the extremely detailed manner of such investigations it must be realized, that, as the sellers of our products will first of all appear suspicious to the investigating authorities, the stockholders of the sales companies will be interrogated in great detail about their relations with our firm or with other German agencies, and will have to give affidavits or make sworn declarations in this connection. We think it impossible that contractual relations, which exist directly between the stockholders

(page 4 of original, cont'd)

and our company or indirectly between them and our company via intermediary agencies, even, in the long run remain concealed from such investigations, because the stockholders will not be willing to make untrue declarations in this respect, even though the contracts concerned were classified as "Secret Contracts." In doing so, we must not overlook the possibility - depending on the procedure adopted by the enemy authorities - that this information can be obtained by interrogations under oath held by the law courts of the home country of the stockholder or of the intermediaries, in response to applications for aid in legal proceedings (Wahrschilfsverfahren) based on international agreement.

(page 5 of original)

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actschappij
Cham Loitz (?)

41 (handwritten)

24 July 1939
No/c. 2175

For these reasons we have come to the conclusion that real protection of our foreign sales companies against the danger of expropriation in wartime can only be obtained by our renouncing all legal ties of a direct or indirect nature between the stockholders and ourselves, - which at present give us the right of access to the stocks of our sales companies - and replacing these legal relations, by transferring the right of access to these assets to such neutral agencies as by virtue of their personal connections with us of many years standing, in some cases even covering decades, will give us the best guarantee that in spite of their complete independence and neutrality they will never dispose of these assets otherwise than in a manner entirely in accordance with our interests. This guarantee continues to exist even in the case of unforeseen technical or political complications rendering a discussion with us temporarily impossible, a discussion which in view of our friendly relations, would normally be a matter of course. The experiences we made during the war, have made it much easier for us to decide on this step. As an example for the fact that the only effective protection

TRANSLATION OF DOCUMENT No. NI-0495
CONTINUED

(page 5 of original, cont'd)

of our interests lies in the personal trustworthiness of our business friends abroad and not in legal obligations whatsoever, we shall not regard the following incident:

After the entry of the United States into the world war, all the assets of our constituent companies in the United States were sequestered and were, in the majority of cases, sold to competitors by the American authorities; only this action provided the basis for the development of the American chemical industry of today. This was the situation when the representative of the Rochester Farbwerke, General, while fully observing his duties as an American citizen, stored his entire private property,

(page 6 of original)

42 (handwritten)

(handwritten) a version 24 July 1939
Chickens, No/F. 2166
Chickens
D.D.

- without being asked to red with any legal obligation - in order to pay the debts, in particular the patents belong to the Rochester Farbwerke. From the American sequesteror, and after the end of the war, in return for his expenses, placed the rights of the shares of our constituent Company, responsibility alone was the decisive factor in that situation, when, according to English and American laws of war, all contractual relations with the enemy were automatically severed by entry into the war.

We believe that these neutral individuals and firms who are not to be granted the right of access to the shares of our foreign sales companies, will, if the decision should demand it, prove equally good friends to our company, as was the case during World War I and is shown by the above-mentioned example.

We should appreciate it, if in consideration of the above-mentioned circumstances, you would now agree to the structure suggested by us, which deliberately envisages the abolition of all legal ties of a direct or indirect nature between us and the stockholders of the sales companies.

For the reasons described above, we also intend to release the Chickens, respectively their stockholders, from the obligation, which was to be imposed upon them, namely

(page 5 of original, cont'd)

handwritten (pencil)
marginal note:

This, however, is
very risky as the
Bank's interest in
the companies is
then pushed into the
foreground.

to hand over to us any surplus profits i.e. those profits,
exactly exceeding the guaranteed 5 per cent minimum dividend;
On the contrary, the only obligation envisaged is towards
the Swedish creditor of the Chemnig, namely to use the
latter's surplus profit in order to repay the loans raised
in Sweden. To the same extent, to which these loans are
repaid, our balance, blocked at the Swedish Bank, will
be released, so that in this manner we shall continuously
receive the profits of our sales companies - after the
expenses involved in this particular structure have been
deducted. In this connection we would like to point out
that we shall of course endeavor to keep those profits
of our sales companies as low as possible by fixing our
our

(page 7 of original)

43 (handwritten)

(handwritten) Conversation 26 July 1939
Wirtschaftsj No/P.2166
Chemnig
B.L.

export prices accordingly, in order as this can be done,
without using the supervision of the tax authorities
of the countries concerned.

During the discussions we had with you, the question
was raised whether Chemnig's shares might not be deposited
in Germany. However, we came to the unanimous conclusion,
that it would seem extremely unlikely, and be incompatible
with the intended camouflage, if the foreign stockholders
of a foreign company who are not subject to any foreign-
exchange restrictions, would deposit their shares in
a country, when such severe foreign exchange restrictions
are imposed by law as it is at present the case in Germany.

In reply to your question we finally beg to inform
you, that the stockholders of Chemnig constitute the
following firms:

- 1) Langro, Wirtschaftsj tot Vervordering van de
Fabricatie van en den Handel in
Producten der Chemische Industrie
in Nederland en Colonien B.V.,
Amsterdam 51%

35

TRANSLATION OF DOCUMENT No. WI-8496
CONTINUED

(page 7 of original, cont'd)

- 2) A.V. Internationaal Kantoor voor het
Beheer van Fondsen, Amsterdam 24/24
- 3) Sarta S.G., Lausanne 24/24

The Bank Ltd. GKSUTERT and Cie., Basel, with whom we have cordial relations, and the I.G. Chemie, Basel, exercise a decisive influence on the afore-mentioned companies, and in turn on Chekarij.

Referring to the doubts expressed by you during our discuss concerning the interposing of Swedish agencies into the entire structure, we would like to propose to you to hold one more disc should this be considered necessary.

Should you need further documents or explanations in connection with our applications, we should appreciate it if you would get in touch with us by telephone (12 00 21).

HEIL HITLER!
I.G. FARBEN-INDUSTRIE AKTIENGESELLSCHAFT

Copy for: Legal Dept. Farben, Frankfurt/Main

(sgd) KRUGGER (sgd) ppa. KIRSTEN

CERTIFICATE OF TRANSLATION

18 July 1947

I, Joseph FRANKENSTEIN, Civ., 1-442842, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of the document No. WI-8496

Joseph FRANKENSTEIN
Civ., 442842

I.G. Farbenindustrie Aktiengesellschaft Frankfurt/Main

Copy

I.G. Farbenindustrie A.G./Dir.Dept.

Berlin NW7, 15/8/39
Unter den Linden 82

To the
Ministry of Economics

Berlin 33
Johannstr. 42

Re: File-number V.Dev. 2/32732/39.
Measures for safeguarding the share-holdings of our foreign sales
companies.

We beg to acknowledge receipt of your letter of 13/8/39- V Dev.
2/32732/39. Supplementary, to our proposals of June 26, and July
24, 1939, re measures for safeguarding the share-holdings of our
foreign sales companies we herewith affirm that the carrying out
of these measures will not be followed directly or indirectly by
the decrease of the foreign values on hand which-according to the
present situation from a legal point of view- would result from
the transactions of our foreign sales companies, especially from
the export carried on by these companies.

We declare that we shall have unrestricted influence upon the
foreign companies, even after the carrying out of the measures
aimed at and that we are prepared and in a position to insure,
that all foreign values on hand will be delivered to the Reichs-
bank either directly by way of the export-proceeds or via Stock-
holm as indicated in our proposals.

(page 2 of original)

We note furthermore that the scope of our influence upon these
foreign sales companies will not be lessened by the change we
have in view. The position of these companies with regard to
the foreign exchange law, therefore, will not be prejudiced,
especially the consequences resulting from the circular decree
152/36 will remain the same as before.

We, declare, moreover, that the decisive real influence we shall
have on the foreign sales companies even after the carrying out
of the new measures, will be sufficient in every respect to answer
the requirements of the German governmental and party authorities
with regard to personnel and political questions. We shall al-
ways be able to eliminate from our sales business those individuals
who are unsuitable or suspect because of their political position,
and to insure that no conflicts arise between the staffs of our
foreign economic sales organizations and the general German view-
point on government and economic policy.

I.G. Farbenindustrie A.G.

sgd. DUEHL.

-1-

34
27

TRANSLATION OF DOCUMENT No. NJ-7078
CONTINUED

CERTIFICATE OF TRANSLATION

10 June 1947

I, Ella CARTER, Civ.No. 30 182, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of the document No. NJ-7078.

Ella CARTER
Civ.No. 30 182.

TRANSLATION OF DOCUMENT No. WI-6121
OFFICE OF CHIEF OF COUNSEL FOR WAR CRIMES

Translated from a photostatic copy of the German original.
Unwritten notations appear in brackets. Editor's notes
appear in double parentheses.)

Received September 10
12:30 p.m.

Der Reichswirtschaftsminister
(The Reich Minister of Economics)

No. V Dow. 2/1174/39 g. Rs.
Official in charge: Ober-

ungsrat Dr. C.H. MEYER

Berlin, September 9, 1939

This space reserved for clerical
entries:

Received: September 9, 1939

By: WIESNER

Miss

Written: 9 September 9

2/3 Read: 2:11 PM September 9

Forwarded: September 10, 1939

With: ad 2a + b) 30 letters

for sealed (?) distribution

ad 3) 1 letter

Top Secret of the Reich

[not forwarded to Karlsruhe]

[to be forwarded immediately:
September 9, 11:45 a.m.]

1) Memorandum:

[September 9]

[for Karlsruhe 1 copy]

[Before forwarding:

G B 5

with the request to agree]

[I agree. I suppose there
is a typographical mistake
in the last sentence but
one, paragraph 3

G B 5

[H September 6]

With respect to the problem of protecting
German assets abroad and of cloaking, reorganizing
and establishing strong points of German trade
in countries likely to remain neutral, we have
received numerous long distance inquiries from
Devisenstellen ((Regional Office of Foreign

TRANSLATION OF DOCUMENT No. NI-6121
CONTINUED

(page 1 of original, cont'd)

exchange Control)), especially from the
Devisenstelle Hamburg, a report from the
Devisenstelle Munich and oral applications
and statements from the Hamburg Chamber of
Commerce (see the attached teletyped letter
from the Hamburg Chamber of Commerce, dated
September 1, 1939). After conferences with the
divisions concerned, especially with Herr ESTHKE,
the following instructions will be issued to the
Devisenstellen.

[Please let me
have one copy of
2)
illegible
Mangold
✓ [initials]
forwarded
Sept. 10, 1952]

.//.

.//.

Dr. Mangold September 5, 1939

Dictated ADRIANUS

[Submit again to Mangold]

- 1) After three days to the
mailing Office for
forwarding of (illegible)
to Karlsruhe.
- 2) To the files - 307 G
appendix. 1 M; September
12/

[shorthand notes taken away September 11, M.]

(page 2 of original)

Non Secret of the Reich

2) To [a] the Oberfinanzpräsidenten [personally]
(Directors of the Devisenstellen)
(Devisenstellen)

[b] or deputies in office
the Chief of the Devisenstelle Vienna [personally]
or deputy in office.

Subject: I. Protection of German assets abroad.
II. Strongpoints of German trade in neutral foreign
countries.

(page 2 of original, cont'd)

During the last few days, the Devisenstellen and my office directly received applications concerning the protection of German assets abroad and the measures to be taken for the future protection of German trade. (I hereby request that questions of general policy be submitted to me unless an emergency exists and, in urgent cases, I further request to consult Section V Dev. 2 (Obarratungsrat Dr. G.H. MUELLER /or assessor Dr. HENIGOLD/) by telephone; if a prompt decision is called for, the Devisenstellen are authorized to act, so far as possible, in conformity with the following directives.) (crossed out in original)

I. Protection of German assets abroad.

1) Protection of export claims.

I do not object to licensing the transfer, for purposes of protection, to neutral ~~(transferors)~~ of export claims against enemy countries if by such transactions those claims may be assuredly ~~(expected to be)~~ saved rather than lost for the German Foreign Exchange Control.

(page 3 of original)

Care is to be taken in this connection that expenses and delays in adopting this procedure are kept to a minimum, but of course, especially with respect to the former, administrative practice in this regard should not be unduly restrictive ~~(if the objective is the protection of export claims)~~. (crossed out in original).

2) Protection of other assets.

If German interests in enterprises, real estate, shares, and other assets in enemy countries and endangered countries can still be saved by sale, assignment, or transfer to neutral aliens, I request that the necessary licenses be issued without hesitation if immediately or within a reasonable period adequate consideration in foreign exchange will be made available to the Reichsbank. In this connection, too, I leave it to the lawful direction of the directors of the Devisenstellen to approve those measures that, in the circumstances of each case, appear most appropriate.

II. Strongpoints for German trade in neutral (crossed out in original) countries.

1) Foreign companies and enterprises subject to RE 152/35.

In view of the present international situation, it will be

(page 4 of original)

necessary that companies and enterprises in neutral-countries (crossed out in original) abroad which, in accordance with the provisions of RE ((General Order)) 152/36, are subject to German Foreign Exchange Control, be placed by their German Main Companies. It is a matter of urgent concern that these companies be seasonably ~~actively~~ actively cloaked so that they will be able to continue to serve, so far as possible, as strongpoints for German foreign trade. The transformation which these companies will have to undergo shall be made for the ultimate purpose of giving them the appearance of foreign enterprises whose independence can be conclusively shown. It must be expected that these companies that are unable to prove their independence from Germany will encounter difficulties and be unable to fulfill their functions. In any case it will therefore be advisable to abandon provisions, formalized, legal ties with their German parent companies if the parent's actual control, secured by other means, remains strong enough to safeguard its interests. For that reason, it seems particularly inadvisable, e.g., to exercise control directly through foreign trustees who, for instance, hold a majority of shares in trust for a German company because of the danger that the trustee will be questioned under oath about the nature of his interest in this property.

You will pay special attention to the requirement that, unless absolutely necessary, no foreign exchange shall be used in transferring, in accordance with the considerations stated above, any enterprises which is subject to RE ((General Order)) 152/36.

(page 5 of original)

For these purposes only will the use of funds available to German-controlled foreign companies be authorized. You will also determine whether and to what extent assets of such companies not actually required by them can, on the occasion, be offered and delivered to the Reichsbank in accordance with RE ((General Order)) 152/36.

The actual influence upon the foreign firm established as a result of the transformation shall be secured by effective safeguards both with respect to the personnel and in the economic organization. Accordingly, special attention will be paid to the selection of individuals for appointment as managers of these foreign firms. It is appropriate that this selection of personnel, which as a rule will be of foreign nationality, should be left to the discretion of the German firms. I request, however, that in each case you emphatically advise the firms that they will be held responsible if, in this connection, an evidently poor choice ~~on their part~~ (crossed out in original)

(page 5 of original, cont'd)

should result in prejudice not only to their own interests but also to those of the German national and war economies. Of course, the companies are required to see to it that no Jewish foreigner be employed by any German firm that is to be clocked.

(page 6 of original)

~~Under no circumstances can it be expected to act in the German interests~~ (crossed out in original) Subject to those requirements and in order to avoid delay and not to jeopardize the necessary secrecy by investigations abroad, Devisenstellen may refrain from a thoroughgoing investigation of the individuals involved when a trustworthy German company files an application.

The clocked firms are also subject to the provisions of RE 152/36 to the extent that the German parent company actually continues to be in a position to exercise control over the assets of the foreign company. This actual control is to be ensured by selection of personnel and so far as possible is to be reinforced by the actual arrangements pursuant to which business is done with the foreign company. I attach the greatest importance to the request that shipments be billed to the foreign company in such a way that the payment for goods exported will be received in full at the earliest usual date; and that value for goods imported into Germany be paid in the customary manner. Any manipulation of trade transactions for the purpose of accumulating profits in a foreign company which are not required for its operation will be prosecuted as economic sabotage.

(page 7 of original)

The firms are to be specifically warned against such attempts; a close check along these lines should be made of the actual practice in commercial transactions.

In all cases, authorization should be given subject to the condition that clocking measures will be cancelled at the request of the Foreign Exchange Control Authorities.

Since it is necessary that these measures be put in effect with the utmost speed, I hereby authorize the Devisenstellen to pass applications submitted to them according to their own judgment, subject, however, to the directives set forth above. Applications requiring decisions of a principal nature shall be submitted to me with a covering report. If necessary, you may communicate with me by telephone. (Division V Nov. 2, Oberregierungsrat Dr. G.H. MUELLER, or Assessor Dr. MANSOLD) Quarterly reports on applications and your decisions thereon will be submitted with a brief statement of each case.

(page 7 of original, cont'd)

2) Establishment of new enterprises.

If, for the purpose of promoting the import and export business of German firms, especially distributing companies, licenses for the establishment of new companies in neutral countries are applied for, I request that the applications, together with covering reports, be submitted to me. The applications are to be handled as particularly urgent. The opinions of trade groups and chambers of commerce, in accordance with RE ((General Order)) 9/38, Par. 12, will be requested, say, wherever appropriate, be obtained by telegram.

(page 8 of original)

In view of the danger that such promotions of new companies abroad are made for the purpose of withholding foreign exchange from the Reich, I will not approve such applications except those of especially trustworthy firms.

3) Application procedure.

All files relative to matters mentioned in this circular are to be classified as "top secret". Every possible attempt shall be made to ensure by all means that the foreign companies in question established in neutral countries are not discovered by the enemy nations as enterprises subject to German control. I, therefore, request that, if possible, in every Devisenstelle, in addition to the Director, only one civil-service official be designated to handle these matters.

///. //.

Top Secret of the Reich

3) To the

Director of the Devisenstelle Munich
or his deputy

Munich

Arcostrasse 2

Subject: Your report of September 2, 1939
- 432 g. Rs. Dr. Lo/. -

Pursuant to my secret order, issued today, concerning the safeguarding of German external assets abroad and the establishment of new strong points in neutral countries, I hereby authorize you

TRANSLATION OF DOCUMENT No. NI-6121
CONTINUED

(page 8 of original, cont'd)

to grant the application of the firm Friedrich DEUKEL, Munich, as far as it relates to the safeguarding of its export claims.

Regarding the establishment of a new company in Switzerland, and pursuant to

(page 9 of original)

paragraph II 2 of my secret order I request the submission of a detailed report concerning the necessity and expediency of the contemplated new organization. In particular, neither the application of the firm nor your report indicate the necessity for making available the entire export claims that are to be protected, i.e., an amount of RM 170,000.00 for the purpose of establishing the Swiss company.

By order

(sgd.) SCHL(OTTERER) September 9

CERTIFICATE OF TRANSLATION

12 June 1947

I, Gerta KANNOVA, Civ. No. 20 181, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of the document No. NI-6121.

Gerta KANNOVA,
Civ. No. 20 181.

45

Chemie
Agreement
L.L.

Extracts from the Basle conference on March 31st, 1938.

A clarification or rather a simplification of prevailing conditions through cancellation of the dividend guaranty contract is in the interest of I.G. Farben (Release of the guaranty and other uncertain matter etc.), I.G. Chemie (due to known reasons) and the American companies (disadvantageous effects of the option, times of danger through international complications etc.).

An agreement between the administration of I.G. Farben and I.G. Chemie is sufficient for the cancellation of the contract. However, the agreement has to be approved by a general meeting of I.G. Chemie. (actus contrarius).

It is questionable if through such a cancellation the right of exchange of the I.G. Chemie share-holders provided by section 9 of the contract is eliminated. Dr. von Knierim and Prof. Flechtner are of the opinion that such an elimination is possible. However, in regard to the special position of the German stockholders, it is practicable to maintain voluntarily the right of exchange. According to the legal aspects, the I.G. Farben has no legal obligation. As this is a voluntary concession on the part of I.G. Farben, the manner of exchange can also be changed in a convenient way so that the exchange can only take place from a certain date on. Thus a compulsory participation by I.G. Farben in I.G. Chemie through a great block of shares may be avoided.

From an American point of view, any strong voting power or a strong influence through stockholdings of I.G. Farben is considered undesirable. So the question arises how this influence can be reduced while maintaining the rights of the German shareholders.

Dr. Schmitz submits the following proposition: I.G. Chemie decides on complete payment of the half-paid ordinary shares. The respective shareholders have the

(page 2 of original)

right to choose either to make the additional payment in cash or to turn in two half-paid shares and receive one fully paid share of the nominal value of frs. 500,- in return. The half-paid shares thus acquired will be cancelled by a corresponding reduction of capital.

TRANSLATION OF DOCUMENT No. NI-8498
CONTINUED

(page 2 of original, cont'd)

It seems probable that all the German shareholders will make the exchange. Thus the voting power in Germany will be reduced from approx. 100 000 to 50 000 votes = approx. 10 % of total voting power.

The financial loss to the German shareholder resulting from the exchange offer (smaller value of a fully paid share in comparison with two 50 % paid shares amounts at a rate of 120 % to frs. 50 per 50 % paid share. However, this seems acceptable considering the elimination of the otherwise existing danger of forfeiture and furthermore, in view of the intended voluntary maintenance of the exchange right.

The feasibility of the legal execution of the above plan still requires careful examination.

The following variation might also be possible: Reduction of the I. G. Chemie capital by frs. 40 million through release from the obligation to pay the balance of all 50 % paid ordinary shares. This can be accomplished by reducing the nominal value of the respective shares to frs. 250,-. As the right of voting depends in principle on the nominal value of the share, the same result would be arrived at as in the proposal mentioned above. (Disadvantage: Through such an action two categories of ordinary shares with different nominal value would exist unless all fully paid shares per frs. 500,- are divided into two separate shares.)

The change of capital thus ventilated brings into focus the consideration whether at the same time there should be sought a settlement of the block of shares held by the consortium of nom. frs. 105 million with 20 % paid in ordinary shares which were subscribed and administered by Greutert (practically reserve shares).

(page 3 of original)

Arguments pro:

Release of I.G. Chemie from a great latent dividend obligation which amounts to frs. 4,2 million at a rate of 8 %; Elimination of a questionable debt item in the balance sheet; Release of Greutert from an unbearable payment obligation; Confutation of the commonly held opinion that I.G. Farben controls these shares; Release of I.G. Farben from the payment guaranty given to Greutert.

TRANSLATION OF DOCUMENT No. NI-8498
CONTINUED

(page 3 of original, cont'd)

Arguments con: Unfavorable displacement of voting power conditions, with the complete elimination of the mentioned amount of shares with the corresponding reduction in capital, the German voting power would still amount to about 17 % of the total voting power if the plan were put into operation.

The voting power of the consortium shares can be maintained if the 210 000 shares are released from the payment obligation of frs. 400,- per share and changed into fully paid nominative share of frs. 100,- per share.

voting
Of the special notice concerning/power conditions.

Basle, April 1st, 1938.

St/Sch.

(Illegible initial)

CERTIFICATE OF TRANSLATION
OF DOCUMENT No. NI-8498

17 June 1947

I, Ella CARTER, No. 20 182, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of the Document No. NI-8498.

Ella CARTER,
No. 20 182.

- 3 -
(END)

X8

TRANSLATION OF DOCUMENT No. 51-5773
OFFICE OF CHIEF OF COUNSEL FOR WAR CRIMES

Translation from a photostatic copy of copy of the German original

by ME

(Handwritten notation, appear in brackets)

(Armed to report on visit (Dr. MURSTER))

Director Carl MURSTER
I.G. Farbenindustrie
Ludwigshafen

351 Fifth Avenue
New York N.Y.
15 September 1939

Dear Dr. MURSTER:

In view of important tasks devolving upon me, I have returned here, and I wish to send you today a few brief but strictly confidential lines.

Assuming that the war will last for a considerable time, it is to be expected in any case that the United States also will join the enemies of Germany, possibly sooner than expected.

Even without taking the experience of the last world war into consideration, it is our most urgent task to safeguard German property here at the earliest date and in the best possible way.

This is to be achieved through as quick a liquidation as possible of German assets here; difficulties with settlements through the announcement of the moratorium (Stillhalteverbot) may be overcome in different ways, and the settlement of such claims of German firms still domiciled here can be arranged for most promptly. A second task to the same end consists in the speedy transfer of German patents and license agreements to American or Scandinavian firms.

At the last confidential discussion of the group of competent gentlemen it was with regrets found that but little understanding for these problems can be expected of the gentlemen of your various offices. Insofar as immediate requirements cannot be taken care of from over there, the task has been left up to me to inquire of you as to with which one of your gentlemen I could discuss these questions in detail, immediately and confidentially.

(page 2 of original)

Will you please induce our mutual acquaintance, Lickfett, Stockholm, to let me know the name of the gentleman in question by cable, signed "Carl", and to forward possible letters to me in the same way.

There is hardly need for me to say that I am entirely at your disposal if you should have any wishes which could be taken care of here.

Meanwhile I remain with sincerest wishes and kind regards

Your
Dr. F. A. KERTESS.

TRANSLATION OF DOCUMENT No. NI-5773
CONTINUED

CERTIFICATE OF TRANSLATION

11 June 1947

I, Ella CARTER, Civ.No. 20 182, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of the document No.NI-5773.

Ella CARTER,
Civ.No. 20 182.

TRANSLATION OF DOCUMENT No. RI-5770
OFFICE OF CHIEF OF COUNSEL FOR EAR GRIBBS

I.G. Farbenindustrie Aktiengesellschaft
Central Finance Administration
Berlin SW 7

To:
Devisenabteilung
der Reichsbank
(Foreign Exchange Department of Reichsbank)
BERLIN
Reichsbankendirektion
Kurestr., Aufg. 3

Your reference:
43149 Nov., 14, 1939 November 17, 1939
DA/O Our ref.: Finance Secretariat/4065

VE/RI 3387

Re.: Sale of our participations in United States of America

We acknowledge with thanks receipt of your letter of the 14th inst.

As we informed you over the phone at the beginning of this month, we have been trying hard, since war broke out, to sell our participations and securities in North America to friends in neutral countries and, as far as we are not interested in retaining the property, in the free market against payment in Foreign Exchange.

A complete carrying through of the necessary transaction has up to now not been possible, because the correspondence with those parties and companies suitable for the trusteeship of our participations has been delayed by the circumstances resulting from war and because every time, before agreements can be made, authorization of the Ministry of Economy has to be applied for. Up to now the following transactions have been

(page 1 of original, cont'd)

carried through:

200 shares of Standard I.G. Corp., New York, of no par value

book value amounting to \$ 20,000.-, have been sold to Standard Oil Co. of New Jersey, New York, at a price of \$ 20,000.-
The purchase price has been paid and used to supplement our Foreign Exchange operating means fund.

1225 cum. shares, class A, of Pen Chlor Inc., Philadelphia, par value of \$ 100.- each and .

25 cum. shares, class B, of Pen Chlor Inc., Philadelphia, par value of \$ 100.- each, i.e.

1250 shares at a total par value of \$ 125,000.- have been offered to American I.G. Chemical Corporation, New York, at a cash price of \$ 275,000.-
The sale has been authorized by the Ministry of Economy and will be carried through shortly.

(page 2 of original)

5 shares of Jasco Inc., Louisiana, no par value,

have been offered to Standard Oil Co. of New Jersey, New York, at a cash-price of \$ 4,000.-.
This transaction, too, has already been authorized verbally by the Ministry of Economy and will be carried through shortly. The purchase price of \$ 4,000.- had been left with us by the Ministry of Economy to serve as security for a credit concerning these shares, until the credit is paid out of other sources. This amount will consequently be delivered only in a few months.

We will keep you informed of the position as regards the measures which have been taken for the purpose of selling our further North-American participations and which will be carried through with the least possible delay, and of the incoming sales proceeds and their use.

Heil HITLER!
I.G. FARBENINDUSTRIE AKTIENGESELLSCHAFT

(Stamps) KALPART

HENZE

TRANSLATION OF DOCUMENT No. KI-5770
CONTINUED

CERTIFICATE OF TRANSLATION

11 June 1947

I, Mary Flack PERRY, Civ., 20136, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of the document No. KI-5770.

Mary Flack PERRY
Civ., 20136

TRANSLATION OF DOCUMENT No. II-2768
OFFICE OF CHIEF OF CONSUL FOR WAR CRIMES

To the
Reich Economic Ministry

3.6.11.45
Sachsenstrasse 43

I.G. Vertrag mit I.G.
Chemie, Basel
Frankenabteilung

(This file was found on
the von Inierien farm
near Weisberg on
May 11, 1945).

15 May 1940

Finance Secretariat
2828 - 2/1a/Sa 1485

Reversing of our relationship with the
Internationale Gesellschaft fuer chemische
Unternehmungen, Basel (I.G. Chemie).

We refer today to the statements made by Herr
REGLER in the conversation which took place
on 5 May 1940 with Ministerialrat Dr. SCHULZE-
SCHLUTTIUS and his expert consultant.

Through the Internationale Gesellschaft fuer
chemische Unternehmungen, Basel (I.G. Chemie),
affiliated with us through the 1928 pooling agreement
(Interessengemeinschaftsvertrag), we have, as you
know, created points of support for our
export through special arrangements in various
countries, including the United States. Our U.S.
points of support have been up to now the
General Aniline Works and the Life Anasco Corp.,
subsidiaries of the American I.G. Chemical Corp.;
these companies have recently been merged into
the General Aniline and Film Corp.

Based on the experience of the world war,
we have constantly endeavored since the beginning
of the war to protect us far as possible this
American company, also in the event of war entanglements
with the U.S., against the activities of our American
competition. To enable the plants mentioned above
to support materially our efforts at gaining exports,
we had to keep their productive facilities up to
date. To this end we have supplied them with
very important results of our experience and manufacturing
processes.

(page 2 of original)

We and our American friends are most anxious to prevent that forcible action on the part of the American authorities which would enable our American competition to gain possession of those operations and thereby, as it happened during the World War, obtain the results of our experience.

Since the beginning of this year several of our American friends have in turn been in Basel and have currently been in consultation with us concerning the best and most successful measures to be taken to avoid the danger described above. The difficulty of the present situation is that the American company is considered excessively dependent on Switzerland, with the inference that the Swiss company is too strongly obligated toward the U.S. so that the American company can be regarded as being under German influence. As a result of the numerous discussions, conferences and deliberations, the following measures have been agreed upon for revamping the relationships between the three companies in question:

- 1.) The General Aniline and Film Corp. shall become somewhat more Americanized by its acquiring from the I.G.Chemie non-1,000,000.00 of its own B-shares, (previously, all 3,000,000.00 B-shares have been in the possession of I.G.Chemie and/or its friends).
- 2.) The I.G.Chemie is to be freed from all links which may be interpreted as being under German influence by
a) cancelling the dividend guarantee agreement between the U.S. and the I.G.Chemie and the option it granted us on the I.G.Chemie participations, which at the beginning of the war was changed into special purchasing rights (Vorkaufsrecht),
b) I.G.Chemie acquiring against foreign exchange payment at the Swiss current value I.G.Chemie shares from the German holdings (which amount to about 28% of the share capital of I.G.Chemie; the I.G. itself does not hold any I.G.Chemie shares) to such an extent that by no means more than 15% of the share capital of I.G.Chemie remains in the possession of German share holders.

(page 3 of original)

c) Goheirat SCHMIDZ' resignation from the Chairmanship of the I.G.Chemie Verwaltungsrat (Board of Directors).

As we told you recently, we have decided only after long deliberations to consider these measures, careful investigations having shown that the steps now contemplated provide the best possible safeguard of our interests. We know from previous experience that our American friends are handicapped in their work for us by the existing links and believe that we must help them in the defense of our interests by carrying out the measures described above which they have recommended to us.

The matter is particularly urgent because the final expiration date of the agreement of the parentship of the American company, which has been renewed several times, is 30 May 1940. Mr. D.A. SCHMIDZ, President of the American company who is staying at Basel at the moment and who has to embark for America at Genoa on 16 May at the latest, is prepared to take immediately in the U.S. all steps required on account of the measures described above regardless of the fact that the transactions between I.G.Chemie and I.G. cannot be finally completed by that date, provided we assure him before his departure that the execution of the measures discussed has been started and that permits possibly required from the authorities concerned have been promised to us in principle.

To have always kept you informed of the development and nature of our American affiliations and would like to inform you of these decisive measures with the request

that you approve of the planned measures and simultaneously
that you promise us in principle permits possibly required for transactions resulting from these measures.

(page 4 of original)

The urgency of the matter is moreover stressed by the fact that we have decided to safeguard

4 (page 4 of original, cont'd)

further parts of our extensive patent holdings in the U.S. by selling those patent holdings to the General Aniline and Film Corp. The transfer, which we consider the only possible method of safeguarding, will involve considerable receipts of foreign exchange. In principle, the consideration is to take the form of the payment for a portion of future yields of the patents. The American company is prepared, however, to make a single, large payment of this portion, which we estimate at \$ 500,000. However, the General Aniline and Film Corp., has made this transaction contingent on a prior revamping (as described above) of the relationship between the General Aniline and Film Corp., the I.G. Chemie and the I.G.

We trust you will be able to notify us of your approval in the course of today or on 16 May 1940 at the latest, so that we in turn can inform the President of the company before his departure.

Heil HITLER!
I.G. FARBEINDUSTRIE AKTIEGESELLSCHAFT

signed KRUGER and I. V. REIZ

CERTIFICATE OF TRANSLATION

11 June 1947

I, Mary Black PERRY, Civ., 20136, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of the document No. NI-5768.

Mary Black PERRY
Civ., 20136

I.G. Farbenindustrie Aktiengesellschaft
Zentral Finanzverwaltung
Berlin NS

Wirtschaftsgruppe Privates Bankgewerbe-
Centralverband der Deutschen Bank-
und Bankiergewerbes,
attention Dr. TROST
B e r l i n N W 7
Dorotheenstr. 4

Economic Group Private
Banking-Central Association
of German Banks and Bankers)

11 June 1940

Finance Secretariat
6/31/1895

Shares of Internationale Gesellschaft fuer chemisches Unternehmen A.G.,
Basel (I.G. Chemie).

We refer to today's conversation between Herr Dr. TROST, Herr
Director PFIFFER of the Deutsche Landesbank A.G. and the writers
of this letter and would like to submit the following information in
confirmation of our oral statements.

With the approval of the Reichswirtschaftsministerium (Reich
Ministry of Economics) and the Reichsbank-Direktorium (Reichsbank
Directorate) we are currently handling a sizeable transaction which,
for the purpose of safeguarding our interests abroad, aims at
strengthening the Swiss nature of the I.G. Chemie, Basel, previously
linked with us through a dividend guarantee agreement, and
Americanizing the late American I.G. Chemical Corporation, New York,
in which we are also closely interested and which has adopted the
name General Aniline and Film Corporation after merging with several
previously independent establishments belonging to its circle. In
the course of this transaction it is intended, inter alia, that the
I.G. Chemie, Basel, acquires from German holdings for cancellation
50,000 of its own shares (50% paid-in). With the exception of a small
differential, the purchase price has to be paid in free foreign
exchange, which has to be surrendered immediately to the Reichsbank,
so that apart from the general interest official agencies have in
the safeguarding of German assets abroad a special interest in the
handling of this transaction

(page 2 of original)

exists also from this point of view on the part of the Reichsbank
and the Reichswirtschaftsministerium (Reich Ministry of Economics).
In order to place at the disposal of the I.G. Chemie, Basel, the
shares mentioned above, we intend, in similarity with the provisions
of the dividend guarantee agreement, to submit to all German holders
of I.G. Chemie shares a conversion offer of I.G. Chemie shares against
shares of our company. This conversion offer, however, can be made
only after the I.G. Chemie shareholders' meeting, scheduled for the
28 or 29 June of this year, has approved the acquisition of the
shares for cancellation. Since the acquisition of I.G. Chemie shares
for cancellation has been placed on the agenda of the I.G. Chemie
shareholders' meeting, it is necessary already now to inform in a
cautious manner the German holders of I.G. Chemie of the projected
conversion offer, because this conversion offer will include the 1939
dividend warrant so that it will be appropriate that the latter be
neither detached nor collected. In view of possible repercussions
this conversion offer may cause among foreign holders of I.G. Chemie

TRANSLATION OF DOCUMENT No. NI-5771
CONTINUED

(page 2 of original, cont'd)

shares, the authorities and ourselves are vitally interested in avoiding the use of the press in handling the entire transaction. The Reichsbank and the Deutsche Golddiskontbank have suggested that we ask you to publish the enclosed notice in the next issue of your Confidential Circular and that you assist us in the same manner in conveying to Reich German holders of A.G. Gasmis shares the conversion offer which will originate from the Deutsche Landesbank A.G., concerning which the Deutsche Landesbank A.G. will submit to you some proposals at a later date.

We would like to point out that the following are informed concerning the transaction: Reichsbankdirektor HARTLIEB of the Reichsbank, Direktor ERSTOESSER of the Deutsche Golddiskontbank, and Regierungsrat Dr. JOERGES of the Reichswirtschaftsministerium (Reich Ministry of Economics). These men will, if approached,

(page 3 of original)

no doubt confirm that there is official interest in the handling of this transaction.

Thanking you in advance for your efforts.

Heil Hitler

I.G. FARBENINDUSTRIE AKTIENGESELLSCHAFT

Enclosure.

CERTIFICATE OF TRANSLATION

11 June 1947

I, Siegfried TAUBER, Civ. No. A-443 415, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of the document No. NI-5771.

Siegfried TAUBER
Civ. No. A-443 415.

- 2 -
"END"

59

TRANSLATION OF DOCUMENT No. NI-5772
OFFICE OF CHIEF OF COUNSEL FOR WAR CRIMES

I.G. Farbenindustrie Aktiengesellschaft
Legal Department (Juristische Abteilung)
Berlin NW

To the
Reich Ministry of Economics
attention Geheimrat Dr. KOHLER
Taubenstr. 15/18
Berlin W 8.

Ref:
S/Ro/1551

Phone Ext.:
224

11 June 40

Capital Increase up to RM 30,000,000

In the near future we intend to increase our capital stock by issuing of up to RM 30,000,000 face value of new common stock out of our authorized capital and ask that you grant the permit required herefore in accordance with the Anleihenstockgesetzgebung (Capital Stock Laws). In justifying our request we refer to the conversation our attorneys OISELICH's and SILCHER had with you today and repeat our statements as follows:

We are affiliated with the Internationale Gesellschaft fuer chemische Unternehmen A.G. (I.G. Chemie) at Basel through a Dividend Guarantee Agreement (Enclosure 1). Approximately 28.24 % of the I.G. Chemie stock is German-held but not controlled by us. The I.G. Chemie has a controlling interest in the General Aniline and Film Corp. (GAF), New York, the former American I.G. In view of present conditions and particularly the political situation, it is absolutely necessary in the interests of the GAF and for the safeguarding of our American interests, that the GAF is fully recognized in America as an independent American enterprise, which in particular is not under German influence. Extensive deliberations with our American friends have shown that this will require a severance of German relations with the I.G. Chemie through the following three measures: Discontinuation of the personnel links existing up to now, cancellation of the Dividend Guarantee Agreement and reduction to a maximum of 14 to 15 % of German holdings. Accordingly, the I.G. Chemie shareholders' meeting on 28 June 40 is to decide the cancellation of the Dividend Guarantee Agreement. Furthermore, the I.G. Chemie is to acquire from present German holdings 50,000 50 % paid-in I.G. Chemie shares of a face value of Swiss Francs 500 each, which will then be cancelled in accordance with the decision of the shareholders' meeting. The purchase price will be paid in cash by the I.G. Chemie on the basis of the present Swiss Stock Exchange listing, for the main part in foreign exchange.

(as a 2 of original)

The 50,000 50 % paid-in I.G. Chemie shares required for the sale to the I.G. Chemie must first be bought from German shareholders. Moreover, we feel obligated at least on the basis of the spirit and purpose of the Dividend Guarantee Agreement, in view of its cancellation to offer to all German holders of I.G. Chemie shares the conversion of their holdings into shares of the I.G. on the

(page 2 of original, cont'd)

basis of the Dividend Guarantee Agreement, which means Swiss Francs 500 face value I.G. Chemie shares against RM 400 face value I.G. shares. Therefore, we must shortly after the I.G. Chemie shareholders' meeting on 28 June 40 make a corresponding offer to the German holders of I.G. Chemie shares.

The entire transaction has been worked out in agreement with the competent Reich authorities and has in the manner described above been approved by them, as they are vitally interested in the safeguarding of our American interests, which is most important from a politico-economic point of view, and also in the foreign exchange receipts which will accrue from the sale of I.G. Chemie shares to Switzerland. In this connection we refer to our conversations with Ministerialrat SCHULTZ-SCHLÖSSER and Regierungsrat Dr. JOERGES of the Reichswirtschaftsministerium, (Reich Ministry of Economics), Director HASTNER of the Reichsbank, and Director EBBSTOSSER of the Deutsche Golddiskontbank.

For handling the conversion of the German-held I.G. Chemie shares against I.G. shares we require the RM 30,000,000 new I.G. shares mentioned in our request. The I.G. Chemie shares held by the Deutsche Golddiskontbank will be acquired by us against cash and are therefore not taken into consideration in this connection. The balance is approximately 72,000 I.G. Chemie shares of Swiss Francs 500 each, equalling approximately Swiss Francs 36,000,000. The exact amount has not been ascertained, as shifts between domestic and foreign shareholdings may have occurred since the date of the last statement. Such shifts may also result in a reduction, a reduction may also be caused if not all of the shareholders take advantage of the conversion offer. This, however, is improbable, since the offer is very favorable as compared with the current price of I.G. Chemie shares and, moreover, the shareholders run the risk of the Reichsbank calling in the I.G. Chemie shares for sale at this low price. For the time being we must in any case be prepared for a demand of up to 30,000,000 I.G. shares, since Swiss Francs 500 I.G. Chemie shares correspond to RM 400 I.G. shares.

The conversion must be made in such a manner that the Laenderbank takes over the new shares at a fixed price, which has not yet been determined and which is only of theoretical interest because of the subsequent use of the shares for conversion purposes, and then by using these shares handles the conversion transaction for our account. The formal increase in capital, however, is of course, completed by the taking over of the shares by the Laenderbank and will then be entered in the trade register as completed. Since you will probably stipulate in the permit that the new shares can be used only for the

(page 3 of original)

conversion transaction described above, we ask you to mention also that there will be no objections to cash subscription and taking over of shares by the Laenderbank.

The capital market will not be affected by the conversion, since after all only the previous holders of I.G. Chemie shares will receive I.G. shares for their I.G. Chemie holdings, of which they could dispose freely subject to the foreign exchange restrictions.

TRANSLATION OF DOCUMENT NO. NI-5772
CONTINUED

(page 3 of original, cont'd)

They can of course sell the I.G. shares which in individual cases may happen especially if the owner of a partially paid-in I.G. Chemie share has difficulties in raising the settlement payment mentioned below. All in all, however, no new element will be added to the capital market; it will only be a case of exchanging one element against another.

holders of 50 % paid-in I.G. Chemie shares could naturally only claim 50 % paid-in I.G. shares. Since, however, 50 % paid-in I.G. shares are naturally undesirable and out of the question, such holders will be given fully paid-in I.G. shares against a settlement payment amounting to 50 % of the face value of these I.G. shares.

Enclosure 2 contains a copy of our Business Report and Financial Statement for 1939.

We would highly appreciate a particularly speedy handling of our request. Our Vorstand can decide the increase in capital only after the I.G. Chemie shareholders' meeting of 29 June 1940. However, the German holders of I.G. Chemie shares can put up with the cancellation of the Dividend Guarantee Agreement by this shareholders' meeting only if they have the assurance that their rights will be safeguarded by a corresponding offer of having their shares converted into I.G. shares. Otherwise they would have to raise appropriate discussions and make reservations at the shareholders' meeting which would of course be undesirable, especially from the point of view of the German government agencies. With the approval of the latter, an appropriate preliminary notice to the German holders of I.G. Chemie shares has already been prepared. We can provide this assurance and send out to the shareholders a notification containing sufficient guarantee for them only when the handling of the share conversion is assured through the receipt from you of a permit concerning the share issue.

If you should have any further questions, please contact attorney SIEGHER (phone 120021, Ext. 224).

Enclosures
1 Duplicate

Heil Hitler
I.G. FARBINDUSTRIE AKTIENGESELLSCHAFT

Handwritten:
50

C O P Y

CERTIFICATE OF TRANSLATION

11 June 1947

I, Siegfried TAUPER, Civ. No. A-443 415, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of the document No. NI-5772.

Siegfried TAUPER
Civ. No. A-443 415

11 June, 1940

an das
Reichsbankdirektorium
(Directorate of the Reichsbank)

New arrangement of our relations with I.G. Chemie, Basle

We refer to our petition of May 16, 1940, with which we sent a copy of our proposition of May 15, 1940, to the Reichswirtschaftsministerium, and recapitulating the repeated discussions with you concerning the stock transaction referred to in paragraph 4 of our petition of May 15, 1940, we take the liberty to propose the following.

As you will see from the enclosed copy of our letter of June 6, 1940 to I.G. Chemie, Basle, we have in the meantime, and with your agreement in principle, contracted to sell to I.G. Chemie 50,000 German-owned I.G. Chemie shares, 50% paid up, including coupons No. 11 and subs., against:

- 1.) Swiss Francs 10,000,000 in free exchange outside the German-Swiss clearing agreement,
- 2.) nominal RM 2,100,000 shares of Westfaelisch-Phalt'sche Sprengstoff A.G. Chemische Fabriken,
- 3.) nominal RM 500,000 3% Debentures of the Conversion-Office for German Foreign Debts.

This agreement will come into effect after having been approved by the Stockholders General Meeting of I.G. Chemie which will take place on June 28 or 29 at Basle.

(page 2 of original)

It is anticipated with certainty that this approval will be granted. If and when this transaction has been carried out we shall promptly place the Sfrs 10,000,000 at the disposal of the Reichsbank at the official Sfrs rate of the previous day and according to your wish we shall endeavor to arrange for payment not in Sfrs but in U.S. dollars. The RM 500,000 3% debentures of the Conversion Office for German Foreign Debts will be placed at the disposal of the Deutsche Golddiskontbank without charge, while we ask that the RM 2,100,000 shares of Westfaelisch-Phalt'sche Sprengstoff A.G. Chemische Fabriken be placed at our free disposal within Germany.

(page 2 of original, cont'd)

Pencil note:

Has been
changed,
to remain
with us.

We wish to observe that according to information received from the Reich Ministry of Economics, the Supreme Command of the Wehrmacht is no longer interested in being granted an option right on these shares, but requests that all stock rights be ceded to them for a number of years without indemnification. On this question we have meanwhile contacted the Supreme Command of the Wehrmacht for the purpose of taking up immediate negotiations.

In order to procure the 50,000 blank I.G. Chemie shares destined to cover the sale to Switzerland, we found ourselves obliged for legal reasons, to submit an exchange offer, based on the principles set forth in the dividend guaranty contract, to the remaining I.G. Chemie stockholders, with the exception of Deutsche Golddiskontbank, which had decided to let us have its I.G. Chemie shareholdings at cost. The enclosed notice furnishes information regarding the financial operation of this proposal, from which it is evident that within the scope of this transaction we are already making a sacrifice of RM 25,776,000.- through issuing the I.G. shares at the legally prescribed minimum price of 100. However, in order to avoid an unauthorized issuance

(page 3 of original)

under par, it is necessary that the Masag shares - as to the details we again refer you to the enclosed notice - be placed at our free disposal.

We confirm that after completion of the transaction, which we shall commission the Deutsche Landesbank A.G. to carry out, the I.G. Chemie shares remaining in Germany will be transferred to Deutsche Landesbank A.G. at their present value, i.e. at prices recently paid by the Deutsche Golddiskontbank, because, for reasons explained to you verbally, we deem it of value to be able to prove at any time that we, ourselves, have at no time been owners of I.G. Chemie shares. The Deutsche Landesbank A.G. is naturally as ready as we are specifically to confirm in any way you may desire, that they will dispose of the remaining stock only with your approval.

We should appreciate it if you would confirm in writing your verbal agreement in principle with the execution of the transaction on the above mentioned basis, regardless of any individual approvals which may be required for its technical execution, so that we can work out the various details necessary for carrying it out.

Heil Hitler !

I.G. Farbenindustrie Aktiengesellschaft

(signed) Krueger

(signed) Gierlich

Enclosures.
Copy.

TRANSLATION OF DOCUMENT No. NI-6166
CONTINUED

CERTIFICATE OF TRANSLATION

24 June 1947

I, Arthur MICNAMARA, Civ. No. 20 191, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of the document No. NI-6166.

Arthur MICNAMARA
Civ. No. 20 191.

(Handwritten notes illegible) Gory. Ba.
7 August 1940

Strictly Confidential

To the
Reich Ministry of Finance
for the attention of
Oberregierungsrat Gentske

B e r l i n W 15
Kurfuerstendamm 193/194

Subject: Speculation profit tax 1941.

With reference to our telephone conversation of last week, we submit the following facts with a request for your decision.

We have made the following offer of exchange to the shareholders of the Internationale Gesellschaft fuer Chemische Untersuchungen A.G. (IG Chemie), Basel, who, within the meaning of foreign exchange legislation, are resident in Germany.

For every IG Chemie share with a nominal value of 500 Swiss francs including the dividend warrant from 1939 onwards we have offered

IG Farbenindustrie common stock with a nominal value of 400 Reich marks, with the dividend warrant from 1940 onwards plus a cash bonus to the amount of the IG Farbenindustrie dividend for 1939 less the tax on return on investments and the additional war tax.

In so far as the IG Chemie stock was paid up to 50% only, 200 Reich marks would have to be paid in compensation, in addition to 5% interest from 1 January 1939 until the date of cash payment.

(page 2 of original)

7.8.1940

Reich Ministry of Finance,
for the attention of Oberregierungsrat
Gentske, Berlin, W.15.

The question now arises as to whether the shareholder who in 1941, within a year of the exchange, sells the IG Farbenindustrie shares acquired thereby, is subject to the Speculation Profit Tax in accordance with Article 23, Para. 1 no. 1b of the Income Tax Law, provided this tax is not cancelled for 1941 as well.

To reply to this question one must first of all consider the motives which led to the exchange.

Briefly, the motives were as follows:

The American interests of the IG Farbenindustrie are based mainly on its American patents and on its relations with the General Aniline

(page 2 of original, cont'd)

and Film Corporation, the former American IG. In view of the possibility of war suddenly breaking out between Germany and the U.S. these interests might be threatened. It was a question of giving the General Aniline and Film Corporation the character of an irreproachably non-German company so that it would be possible to transfer to it the most important American patents of the IG Farbenindustrie and, at the same time, to prevent the General Aniline and Film Corporation from being regarded as a company essentially under German influence and from being treated accordingly, which might have led to the complete destruction of the relations between the IG Farbenindustrie and the General Aniline and Film Corporation (especially the extensive technical collaboration with its corresponding profits for the IG Farbenindustrie, and also the export trade) and to the overrunning of the IG Farbenindustrie's American position by competitors.

For the purpose of "Americanizing" the General Aniline and Film Corporation, the ties between the IG Farbenindustrie and the IG Chemie, Basel, the principal shareholder

Deutsche Laenderbank
Aktien-Gesellschaft

(page 3 of original)

7.8.1940

Reich Ministry of Finance,
For the attention of Oberreferent
Gentzke, Berlin # 15.

in the General Aniline and Film Corporation, had to be loosened considerably.

For this reason

- 1) the personnel link between the IG Farbenindustrie and IG Chemie, Basel, was removed;
- 2) the Dividend Guarantee Contract concluded by the IG Farbenindustrie with IG Chemie, Basel, was cancelled;
- 3) the German interest in IG Chemie, Basel, was reduced from about 28% to about 15%, by the sale of 50,000 German-held, partially paid-up IG Chemie shares to the IG Chemie, Basel, for the purpose of being called in by the latter.

In order to obtain these 50,000 shares from German holdings, the above offer of exchange was made.

We enclose copies of the applications sent in by the IG Farbenindustrie Aktien-Gesellschaft, Finance Secretariat, Berlin,

- 1) to the Reich Ministry of Economics, Berlin # 8, Bahrenstrasse 43, dated 15 May, 1940,

(page 3 of original, cont'd)

- 2) to the Reichsbank directorate, Berlin C III, Jägerstrasse 34-36, with enclosures, dated 11 June 1940,

on the basis of which the requisite foreign exchange permits were granted.

In view of the great economic significance of this transaction as detailed in the applications, it would be equitable to waive the Speculation Profit Tax in the case of shareholders who have accepted the offer of exchange, if they dispose of the IG Farbenindustrie shares in 1941, or in any case within a year of the exchange.

Deutsche Leanderbank
Aktiengesellschaft

(page 4 of original)

7.8.1940

Reich Ministry of Finance,
For the attention of Oberregierungsrat
Gentzke, Berlin W 15.

If, however, you are not in a position unreservedly to exempt shareholders making the exchange from the Speculation Profit Tax, we request that after reviewing the matter you confirm that you will consider as the time of purchase within the meaning of Article 23, Paragraph 1 no. 1b of the Income Tax Law, not the date of the exchange, but the date of the former requisition of the IG Chemie shares, subject to the right of exchange, by the shareholder now exchanging it.

This conception would do justice to the nature of the IG Chemie share, which, by reason of the contractual right of exchange, must be regarded as virtual IG Farbenindustrie shares. Under the dividend guarantee contract mentioned on page 3, item 2, IG Chemie shareholders were granted in certain cases the right to demand the exchange of IG Chemie shares of a nominal value of 500 Swiss francs for IG Farbenindustrie shares of a nominal value of 400 Reich marks. Certainly a strict interpretation of the conditions of the contract does not provide for such an exchange in the case of cancellation of the dividend guarantee contract by mutual consent. However, in view of the purport of the agreement and the circumstances in which the German IG Chemie shareholders at the time took over the IG Chemie shares, the IG Farbenindustrie felt compelled to make the German IG Chemie shareholders an offer of exchange similar to the exchange provisions contained in the dividend guarantee contract. This deed has also been recognized by the Reich Ministry of Economics and the Reich Bank Directorate, as a result of which they authorized the issue of the permits required.

Our view that the date of the requisition of IG Chemie shares

Deutsche Leanderbank
Aktiengesellschaft

(page 5 of original)

Reich Ministry of Finance,
For the attention of Oberregierungsrat
Gentzke, Berlin W 15.

(page 5 of original, cont'd)

by the shareholders exchanging them should be considered as the time of purchase in connection with the right of exchange implicit in IG Chemie shares, in the event of a Speculation Profit Tax, is in accordance with the opinion expressed by the Reich Fiscal Court (Reichsfinanzhof) in its adjudication in volume 25, page 264, on the question of company tax on shares issued in connection with conversion loans. On this occasion the Reich Fiscal Court, basing its decision on the fact that a right of conversion into shares is inherent in convertible bonds, ruled that the compensation for the shares issued was paid at the time when payments were made for the debentures on the occasion of the first purchase of the conversion loan.

We should be grateful for an opinion on this letter at your earliest convenience.

We must expressly point out that at the request of the authorities the exchanges in question must be treated as strictly confidential where foreign countries are concerned and public mention of it must be absolutely deferred.

Heil Hitler!

Deutsche Lenderbank
Aktiengesellschaft

signed Signature

signed Signature

Back page:

To Dir. Dr. v. Klotzke.

As pages 1 and 5 are hardly legible
I have had them copied.

14.8.40.

2 illegible signatures

CERTIFICATE OF TRANSLATION

3 July 1947

I, Victoria ORTON, No. 20129, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of the document No. NI-5767.

Victoria ORTON
No. 20129

(Handwritten Note: DRAFT)

26 September 1940

To:

Reich Ministry of Economics

Berlin

Subject: Safeguarding of the Latin American Sales Companies
of our Dye and Chemical Department.

We are referring to our application of 9 Sept. 1940 and to the interview which was granted us on 23 September, and during which you asked us to give detailed reasons for our request of 7 Sept. 1940.

We should like first of all, as we had the recent opportunity of doing in connection with the Deputy Leader of the Foreign organization of the NSDAP - Mr. HESS, to report briefly on the success of our camouflage measures in the hitherto enemy countries.

(Page 2 of original)

I. Our prewar sales organization abroad.

Before the world war sales organizations of the I.G. predecessors existed in different countries, most of them organized under the same name as the parent firm, or in any case as official agencies of the German chemical industry. The result was that all the sales organizations and also the existing manufacturing enterprises were immediately seized by the enemy countries. If these firms were liquidated by the Alien Property Custodian they were sold to our competitors in the countries in question and the documents found in the enemy offices proved a valuable help in the development of the chemical industry of the enemy countries, development which had begun during the war and continued during the postwar period. The complete lack of organization proved particular handicap for the development of our own business after the World War, since in no other branch of business is it so important to have a perfect business and technical organization, which is in permanent contact with the customers as in the chemical branch; because precisely in the field of chemistry the demands of the industrial customers for chemical products are in a constant state of transition. It must be added that good and cautious technical advice in the application of our products is of decisive importance for the development of our business. We may even say that in certain fields our superiority over our competitors in other countries is based not only on the higher quality of our products, but also on the well organized and excellently trained sales staff and on the technical service to the customers. Therefore, from the first, we had not the slightest doubt

(Page 3 of original)

that we had to organize after the world war our own sales companies

(Handwritten Note: DRAFT)

26 September 1940

To:

Reich Ministry of Economics

Berlin

Subject: Safeguarding of the Latin American Sales Companies
of our Dye and Chemical Department.

We are referring to an application of 9 Sept. 1940 and to the interview which was granted us on 23 September, and during which you asked us to give detailed reasons for our request of 9 Sept. 1940.

We should like first of all, as we had the recent opportunity of doing in connection with the deputy and leader of the Foreign organization of the IGDAF - Mr. HESS, to report briefly on the success of our camouflage measures in the hitherto enemy countries.

(Page 2 of original)

I. Our former sales organization abroad.

Before the world war sales organizations of the I.G. predecessors existed in different countries, most of them organized under the same name as the parent firm, or in any case as official agencies of the German chemical industry. The result was that all the sales organizations and also the existing manufacturing enterprises were immediately seized by the enemy countries. If these firms were liquidated by the Alien Property Custodian they were sold to our competitors in the countries in question and the documents found in the enemy offices proved a valuable help in the development of the chemical industry of the enemy countries, development which had begun during the war and continued during the postwar period. The complete lack of organization proved particular handicap for the development of our own business after the World War, since in no other branch of business is it so important to have a perfect business and technical organization, which is in permanent contact with the customers as in the chemical branch; because precisely in the field of chemistry the demands of the industrial customers for chemical products are in a constant state of transition. It must be added that good and cautious technical advice in the application of our products is of decisive importance for the development of our business. To say even so that in certain fields our superiority over our competitors in other countries is based not only on the higher quality of our products, but also on the well organized and excellently trained sales staff and on the technical service to the customers. Therefore, from the first, we had not the slightest doubt

(Page 3 of original)

that we had to organize after the world war our own sales companies.

in all parts of the world, should we desire, if only to a certain degree, to attain the position in the export field, occupied by our predecessors. The postwar developments have brought about with them in almost all parts of the world, the amendment of tax legislation so as to protect national industry and to oppose foreign import industry, especially that of Germany. For this reason various countries have imposed taxes on firms domiciled abroad, taxes on what they rightly or wrongly considered as foreign branch firms in their respective country. We decided therefore at the time to camouflage these new companies as independent companies of the respective countries, with a capital, fully independent from us. By setting up these camouflaged companies we have achieved that the tax authorities in most of the countries have not subjected to taxation our firm and the production and commercial profit connected with them, but only the foreign sales companies and the small profit declared by them. As only this small profit of the foreign sales companies abroad has been subject to taxation, we have succeeded in avoiding abroad large taxes, and we were able in this manner to transfer to Germany a correspondingly larger equivalent of our export goods. This measure, which by the way, is taken by other German and foreign firms, which export goods to the countries in question, has proved very useful during the last years, especially in view of the need for foreign exchange felt by the German Reich. The increased amount of Foreign Exchange obtained by this measure, which was so necessary for the development of German National Economy, totalled each year many million Reichsmark. We must point out in this connection that the savings on foreign taxes

(Page 4 of original)

was for us in many cases not only a question of larger or smaller profits but for a large number of our products it was an indispensable condition in competing with foreign domestic firms & other competitors often more privileged than we, in the matter of taxation. Only during recent years since about 1937, when the danger of a new conflict became more and more apparent, did we take pains to improve our camouflage measures, especially in the endangered countries in such a way that they should prove adequate even in the case of an armed conflict and at least prevent immediate seizure. A postponement of a seizure, even for months, meant to us, as will be stated below in detail an extraordinary profit. Our experience up to now has shown that the camouflage measures taken by us have stood us even in war time and in numerous cases have even exceeded our expectations. As an example, we take the liberty of quoting the following cases occurred in the dyestuff department, which has the largest sales organization abroad.

1. Great-Britain.

The I.G. Dyestuffs, Ltd. Manchester, our Paint Agency for Great Britain, which had been camouflaged to an extent already before, has been camouflaged much more thoroughly after the September crisis of 1938. Because the company, as a result of this functioned as a non-German enterprise, we succeeded, still in the summer of 1939, to sell outright our large stock of goods valued at about RM 10,000,000 on consignment in England, in return for immediate payment in cash, to the I.G. Dyestuffs

which in its turn was able to get the funds necessary for the purchase from a large English bank against the holding of stock. It was

(Page 5 of original)

evident from the course of negotiations that it would have been impossible for a German company to obtain at that time such a large credit. These measures logically allowed us to avoid London in England.

Consequently, at the outbreak of the war in September of 1939, the I.G. Yostoffs was provided with a stock for use at 6 or 7 months, so that at least for this time the organization was able to keep going. The chance to obtain Yostoffs from other sources was very small; from the beginning we had to count on the fact that we would be compelled to make a change in the organization. According to confidential reports, which we had received through Ireland or G. A., the English officials of the I.G. Yostoffs had loyally protected our interests in spite of the war. It is surprising that a large credit to our camouflage measures was granted to the I.G. Yostoffs. It must be also assumed, that it was possible to avoid having the sales material which our company had in stock, fall into the hands of our English competitors, which would certainly have been the case if the firm had not been camouflaged. In January 1940 we learned that the managing directors of the I.G. Yostoffs had decided to liquidate the firm and to organize another small firm under the same name with the sort of the proceeds which was great in extent to us, so as to be able to maintain through it at least some contact with the customers, in case the firm should be able to obtain somehow the necessary Yostoffs. They believed, therefore, that it would be in our interest

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not to use up gradually the surplus, resulting from the sale of the stock pile, or the share capital, by maintaining the large set-up of the old firm. It had been decided therefore on March 20, 1940, to liquidate completely the old firm. It is superfluous to point out that this level meant a sacrifice in the light of the entire national economy as well, in such a case advantageous than the one which took place during the World War and which would have been certainly expected to take place also in 1939 had it not been for the camouflage measures.

3. Canada.

We have found out in Canada in 1920 the Generalized Yostoff Corporation, Ltd. (hereinafter referred to as GYC). The existence and the preservation of an organization in Canada was of special importance, as a customer or by other laws prohibited the import of Yostoffs and consequently the competition of almost all foreign producing countries was lost particularly in this country. Because of the stiffening of the tax legislation, we contemplated in the years 1934-35 for the first time some kind of camouflage of the GYC, which was completed in 1936. The following was the essential reason for the camouflaging: The

warehouse legislature in the United

(Page 7 of original)

States, namely, the Tariff Act of 1930 and especially the Anti-Dumping Law of 1921, as well as the rights of the Treasury Department agents to investigate the invoice prices forwarded by the United States, a right which had been established by the Consular Agreement between Germany and the United States, have compelled us to find some way out in order to keep up our export to the U.S.A. There existed the imminent danger of losing the greater part of export because of the prohibitive dumping custom duties. A court ruling on custom duties in the United States in 1934 gave us, however, the opportunity to circumvent this danger, but at the same time we had to give proof that we export to at least two countries for prices higher or lower to those we charge in U.S.A. The next important thing was to show that we did not hold a capital or profit participation in the firms of those two countries. As our sales prices in Germany were anyhow very low, because of the competition existing there and also because we were able to compensate any possible price reductions, which we were forced to make, with respect to American business, by price increase in products which were not sold to the U.S.A., we looked for Canada as well as Australia as the other of the two countries; where we intended, anyhow, in 1936 to organize in these two countries our own new sales agency. It was important, chiefly for this reason to camouflage completely the C.C.

At the outbreak of the war the C.C. had a turnover of sufficient for about seven months. We could assume, however, in the case of Canada, contrary to that of Great Britain that our Canadian agency of the C.C. will not meet with great difficulties in purchasing and selling dyestuffs, especially those of American origin. In the first place there were the dyestuffs produced by General Aniline & Film Corporation, New York, a firm which maintained friendly relations with us and also products of other American dyestuff manufacturers. Because of the camouflage the C.C. had not been seized; only a Controller had been appointed, probably because at the time of organization

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of the company we were officially recognized as shareholders. This Controller, however, has not jeopardized the current sales business of the C.C. Through the camouflage of our sales company in Canada we have in the first place attained our goal as far as taxes were concerned and in the second place we have preserved our sales organization, a fact which is extremely important for the reconstruction of our business.

1. Australia.

In Australia, we had organized in 1936 a sales company under the name of Pychem Trading Co., Ltd. (hereinafter referred to as Pychem); tax considerations, especially in connection with Canada and the Anti-Dumping Law were decisive factors in the camouflage of this company. The Pychem at the outbreak of the war had a store of supplies for about 3/4 years, besides that it was able to obtain dyestuffs of American origin thus keeping

up its sales operations and the contact with its customers. As far as we know, the Lion Property Cust Ltd in Australia has not said any the wiser to the warden up to the present time and has not even a "letter" Controller, so that the warden could continue its business operations completely unhindered. Only the shares held by the German Director Dr. Hoffmeyer, were attached. In answer, these shares represented only a minority holding, this measure was of no further importance to the company.

Consequently, through the circumstances in Australia, we have in the first place fully retained our sales for as far as taxes were concerned and in the second place we have succeeded in maintaining our sales organizations.

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A. British India.

In the opinion of certain but tax considerations compelled us to consider our sales organization in British India. The Taxation Law of 1932 provided already that a firm which was not "trading with India", but "trading in India" could be taxed also for the so-called "Manufacturer's Profit". Therefore, according to the Indian Taxation Law, the responsibility of the tax was left to the judgment of the Indian taxation authorities, unless it could be proved by submitting full documentary evidence that the income tax does not correspond to the obtained profit. The sale of our products in British India was affected up to the end of 1930 through a non-registered branch of the Havers-Herold-Weitschopff H.V., which is in Bombay (hereinafter referred to as Havers). In respect to the status of the Havers acted as an independent trader, whereas in our actual relations it had only one commission agent. For various reasons, which we submitted in detail to you at the time and in the previous communications of the NSRD, we were compelled to organize in the latter part of 1930, new sales organizations in British India. Because of the above-mentioned tax situation and with the view to possible conflicts, we had decided to consider these sales organization in this case also.

As these companies were organized only after the crisis in September of 1930 and were selling only German products, there was suspicion after the outbreak of war that they were enemy firms. The Chemycos Ltd. Bombay (hereinafter referred to as Chemycos) which was selling our test-stuffs and chemicals in British India

(Page 10 of original)

was, for that reason first placed under control in the beginning of September 1939 and then closed up. After a short time, however, the authorities had to admit that they were convinced that the Chemycos was an independent company and granted it a general commercial permit although they placed it under the supervision of a controller until the complete clarification of the situation. Thereupon the Chemycos could continue its work entirely unhindered, could undertake the sale of our stores or merchandise keep up connections with various customers, etc. In 1939, the

Chemycos had procured from an English bank a credit of £ 450,000 by pledging merchandise forwarded by us and had availed itself of the cash to effect a provisional transfer to Germany. The company repaid by installments this credit and the credit granted to us by the same bank from the proceeds of the merchandise.

Our English competitor "Imperial Chemical Industries, Ltd." (hereinafter referred to as ICI) tried hard to take over the Chemycos but in vain. We learned that the director of the ICI in British India went in January to our British Indian Government (authorities) in "aid" and requested a grant of the business operations of the Chemycos to the British Government. The government (authorities) replied that as to the present it has not succeeded in establishing relations of the Chemycos with Germany. After that the director of the ICI went to London and induced his company to make to the Dutch shareholders, who represent our interests in the Chemycos to the outside world, a very favorable offer for their shares. The offer price was to be paid in New York in U.S.A. dollars. We naturally asked our trustees not to consider this offer.

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Only the occupation of Holland on 10 May 1940 by the British Indian government the opportunity to declare the Chemycos an "enemy firm", or according to the prescription of the British Indian (English) law, the territories occupied by Germany, the companies which have their seat in those territories and the persons domiciled there are also considered as enemies. The only reason which enabled them to proceed in this manner was the fact that the overwhelming majority of the Chemycos shareholders had their domicile or residence in Holland or Belgium. The fact that the company was declared an "enemy firm" only because of the Dutch shareholders, who were considered as enemies, was a considerable advantage because the British-Indian authorities, in the case of a possible sale of the Chemycos to the ICI, would have to take into account the relationship between Great Britain and Holland, as after 10 May 1940 latter is regarded as an ally. Consequently, the successful sale of the Chemycos, up to the time of the occupation of Holland on 10 May 1940 also proved a success in British India.

5. France.

The sale of our goods and chemicals in France is made through the "Sopi", Paris. Originally, here as well, tax-considerations were exclusively reasons for the concluding of this sales company. Because of this "concession" we succeeded in avoiding this burden of taxation which would have been prohibitive in the sale of our products. Besides that Sopi, acting as an allegedly independent French firm succeeded in pledging shortly before the outbreak of the war products stored in various warehouses valued at 2½ million Reichsmark and in transferring the equivalent to us. Sopi would not have been able to obtain this credit as a German subsidiary in Paris.

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Sopi has not been seized during the war; only the participation

of one shareholder was seized, a circumstance which did not affect the business operations of the company. Consequently through camouflaging, we had avoided the dumping of supplies connected with immediate requisitioning, the dismissal of the professional personnel and the destruction of all the documents (references which have been gathered for years and which are especially important in the chemical fields). In this manner we were able to comply with the wishes of the Vich office for Economic Development, recently communicated to us and to recover at once to a full extent business operations of the S.A., especially as the supplies were still on hand in France.

We believe to have proved by the above survey that the camouflaging of our foreign sales companies, which was made originally only because of tax considerations had proved a success, far beyond our expectations, even during the war. Roughly estimated, we have saved in taxes in foreign exchange annually 6 to 7 billion Mark, of this sum about 2 billion Mark in India.

We must also point out that the continued sales activity of our companies in enemy countries cannot be explained exclusively by the fact that the products sold by them were essential to the war. The nature of our sales business required in any case that we keep considerable supplies of these products in all the countries, consequently we had to have them in the enemy countries at the outbreak of the war. But if the camouflaging had not proved successful it would have been possible in each case to seize these supplies and to affect the sales.

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through the sales companies of the enemy economy industries, or which there is a sufficient number in all countries. The case in British India shows how great an effort was made by the enemy competition to obtain the enactment of this regulation, which at the same time would have given them information of our internal organization and of our connections with our customers. To have prevented such a development in all the countries is further proof of the great success of our camouflaging measures.

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3. The situation of the Sales Companies of our Text and Chemical Department in Latin America.

Our Latin-American sales companies were originally camouflaged in order to avoid prohibitive taxation, which would have had to be taken into account, if these companies had functioned as agencies of our firm. Mr. J. L. SCHMIDT, NEW YORK, pursuant to permit which you have granted to us, participated as trustee in all these companies. Sometime ago Mr. Schmidt informed us that he was not any longer in a position to continue the trustee participation in our sales companies in Latin America. We were compelled, therefore, to look around for other persons, who would be able to take over Mr. Schmidt's shares. In this connection and with regard to the existing danger that one of the Latin-American countries might follow suit, in case the United States entered the war, we find it necessary to improve the camouflaging.

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of our sales companies in Latin-America, which was done originally because of taxation.

We intend therefore:

(1) To have it appear that we place the majority of the shares or participations in the hands of persons who are citizens of the countries in question,

(2) To realize direct agreement between the shareholders and us by a pool agreement, draft of which you will find in the appendix.

(Page 15 of original)

In spite of these pro forma measures the shares or participations shall belong to us as heretofore without any limiting conditions. We therefore have in mind having laid down in the form of a documentary note by our confidential man the dividend and interest, whereby as which you already have knowledge, on the basis of this the gentlemen will receive a fixed rate of interest on their investments instead of dividends.

Only the Action and Loan Statement shall be replaced with regard to the outside world by a pool agreement; in this case too, however, it must be made clear to the shareholders that should one of the countries in question enter the war this pool agreement is to serve only for submission to the authorities, in order to disprove the existence of any direct agreement with us, while the gentlemen would still continue to regard themselves as our trustees as heretofore. Besides we intend to induce the gentlemen to pay insofar as possible the loan advanced by us for the purchase of shares and participations so that if necessary they could prove that the expenditure was made out of their own funds.

In case the United States or one of the Latin-American countries in question should enter the war by intent to achieve the following by this improvement of conditions.

(a) The supplying with merchandise during the present war is of the utmost importance for our Latin-American agencies, and our present and future business. At the beginning of hostilities our agencies were relatively well provided with supplies, and even during the war it was still possible to forward from here fresh supplies on several occasions. Even today these means have not been entirely cut off. Yet

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after a very short time, a shortage in one or the other product was noticeable there, and as time goes by merchandise is lacking more and more. A considerable part of (these) products, which cannot be sent from Germany anymore, may be received from the U.S.A., and namely, primarily from companies which are friendly to us, and if the latter are not in the position to make deliveries from other U.S.A. firms. When our agencies tried for the first time to obtain such products from the U.S.A., which could no longer be supplied from Germany, several U.S.A. agencies

voiced the doubt as to whether it would be advisable for them to supply firms, which are on the "black list," only when it was pointed out that the firms in question were exclusively domestic companies of the respective Latin American countries, could the doubt be overcome for the time being; at the present time the supplies from U.S.A. are coming in in the desired quantity. If, however, the U.S.A. and with them the Latin American countries in question enter the war, we must resort to the certainty of a thorough reexamination of the question, as to whether the said firms may be supplied from the U.S.A.

(b) During the last year several of our Latin-American sales companies have obtained in conformance with our wishes and with your approval the controlling interest in the already existing chemical enterprises, namely--

Alliance Commercial de Indústrias Ltda, in Brazil
The "Fluminense" and
The enterprise "Max Heuser"

to these must be also added the Asofarben Factory, which had been operated by us for a number of years at the Alliance in Rio de Janeiro

(Compare your permit of.....)

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the Cia. General de Indústrias y Prod. Quím. Soc., Ltd., Chile, at the enterprise "Max Heuser,

(Compare your permit of.....)

and the Alliance Química Cia., Ltd., in Colombia, which is acting for us at the "Indústrias",

(Compare your permit of.....)

At the present moment these industrial strong points have not only achieved considerable importance as bases of production of the merchandise required by the sales agencies over there, but their importance for us and for expansion of German influence in Latin-America in general will in all probability increase considerably after the war. We may point out that some of these enterprises, as for example the "Fluminense" in Brazil, were acquired after strong competition with the important American chemical industry. (DuPont de Nemours). Apparently the North American industry has also clearly recognized the importance of these strong points.

(c) To the reasons given under (a) and (b) shall be added general considerations indicated in the introduction which speak for camouflaging and which are still valid in Latin-America.

The maintenance insofar as possible of our sales organization, also during the war period is, in our opinion, of the utmost importance. In view of the serious struggle with the producers of chemicals of other economic Empires, especially America and Japan for the dividing up of world markets, a struggle in which is

most certainly to be expected, a mere financial compensation after the war for possible losses will not suffice to cover the damage, which must necessarily occur, if the above-mentioned sales organizations at the industrial

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strong points should fall, if only temporarily into strange hands, because we must take into consideration the fact that they have a great deal of technical and valuable material of all kinds. There is also the danger that the still existing supplies which are of the greatest importance in the resumption of operations after the war, will be wasted meanwhile and will find their way into the hands of the millionaires, who, as we know from the experience of the last war will for years to come disturb the regular market by means of this merchandise.

Finally, as we also know from the experience of the last war, there is the very important question of permanent contact with the buyer, which must not be interrupted even for a short time, thus allowing him to become acquainted with a strange dealer,

It is true, our intended intervention of the consoling has, as it was brought out during the last discussion, the disadvantage that the German Reich after the end of the war will not be able to proceed with a view to a possible seizure of shares held by a neutral shareholder in the case of a seizure of shares held by a Reich German. We, however, consider the danger for the activities of our companies during the time after the end of the war as less great than that by which they are threatened in the meantime; should our North American competitors in the meantime succeed in gaining possession directly or indirectly of our sales organizations as well as of the industrial strong points. Such a case, as we have already stated above, could never be realized. Moreover, we believe that the Greater German Reich, will demand it is

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did in France, the repeal of all requisition measures, not only those directed against Reich Germans, but also those directed against neutrals.

We should like to point out once more that our consoling measures fully assure our having dominant influence in business transactions and in the selection of the personnel. The verbally discussed case of the "Farma Plotonas" in Argentina is not at all a case of consoling. We are holding an official participation of 50% in this company. Our weakness in dealing with our American partners must, therefore, be explained by consoling measures as we already stated in the meeting. This weakness results rather from the fact that we were forced after the World War to come to an agreement with the Americans who in the meantime have taken possession of our pharmaceutical patents. These Americans, when concluding the agreement, have retained the controlling influence in the business management of the "Farma Plotonas".

We, also, should like to emphasize, that until the end of

the war the intended changes are nothing more than transitory measures and that after the end of the war they shall be subject also in South America to a thorough examination with your approval and that the Foreign Organization of the NSDAP:

Consequently we ask of you to permit:

- (1) To place Mr. D.A. SCHMITZ' shares, as shown in the appendix, in other hands,
- (2) To replace the existing direct agreements between the shareholders or partners and us by a Pool Agreement, along the lines of the attached draft.

Distribution of the capital

| Country | Status up to now | | Citizen-ship | New Status | | Citizen-ship |
|--------------|------------------|---------------|--------------|--|--------------|--------------|
| | Partners | Share | | Partners | Share | |
| | | Rs. | German | | Rs. | German |
| Brazil | M. Emore | 4000,000\$000 | Brazilian | M. Emore | 700,000\$00 | Brazil |
| Company | J. Marquardt | 300,000\$000 | German | J. Marquardt | 300,000\$000 | German |
| with limit. | D.A. Schmitz | 300,000\$000 | U.S.A. | | | |
| liabilities | | | | | | |
| | | | | | | |
| Argentina | | m\$ | | | m\$ | |
| Corporation | Dr. O. Wernicke | 20,000.- | Arg. | Mario Williams | 20,000.- | Arg. |
| | P. Ellerhorst | 16,000.- | Arg. | Dr. O. Linck | 16,000.- | Arg. |
| | Dr. O. Linck | 16,000.- | Arg. | P. Ellerhorst | 16,000.- | Arg. |
| | L. Sprung | 14,000.- | German | A. Moll | 28,000.- | Arg. |
| | D.A. Schmitz | 20,000.- | U.S.A. | Hermann | 20,000.- | Arg. |
| | A. Moll | 14,000.- | Arg. | | | |
| | | | | | | |
| Chile | | chil.\$ | | | | |
| Comp. with | D.A. Schmitz | 166,666,67 | U.S.A. | | | |
| lim. liabil. | J. Marquardt | 133,333,33 | German | Negotiations still continue | | |
| | | | | | | |
| Mexico | | max.\$ | | | Max.\$ | |
| Corporation | D.A. Schmitz | 25,500.- | U.S.A. | J. M. Fischer | 13,500.- | German |
| | J. M. Fischer | 13,500.- | German | K. Thurneier | 5,500.- | Max. |
| | K. Thurneier | 5,500.- | Max. | H. Schumacher | 5,500.- | Max. |
| | H. Schumacher | 5,500.- | Max. | Negotiations concerning the transfer of the share capital still continue | | |
| | | | | | | |
| Peru | | S/ | | | S/ | |
| Corporation | G.R. Cornojo | 16,000.- | Peru | G.R. Cornojo | 16,000.- | Peru |
| | Dr. Fr. Bank | 8,000.- | German | Max. Bedoff | 8,000.- | Peru |
| | D.A. Schmitz | 16,000.- | U.S.A. | Fr. R. Lematte | 8,000.- | Peru |
| | | | | G.A. Cornojo | 4,000.- | Peru |
| | | | | Bepina | | |
| | | | | T. Taborda | 4,000.- | Peru |
| | | | | | | |
| Columbia | | col.\$ | | | col.\$ | |
| Company | D.A. Schmitz | 2,500.- | U.S.A. | | | |
| with lin. | Ed. Weisbach | 1,500.- | German | Negotiations still continue | | |
| | Th. Sohn | 1,000.- | German | | | |
| | | | Chil. | | | |
| | | | | | | |

SV

CERTIFICATE OF TRANSLATION

I, CPTC HEILBRUNN, ETC No. 30140, hereby certify that I am thoroughly conversant with the English and German languages; and that the above is a true and correct translation of Document No. 2746.

CPTC HEILBRUNN
Civilian
30140

END

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TRANSLATION OF EXCERPTS OF DOC. NO. BI-2746 A
OFFICE OF CHIEF OF COUNSEL FOR WAR CRIMES

(Trans.Note: Stamp:
15 Aug 1940)

I.G.FARBENINDUSTRIE AKTIENGESELLSCHAFT

Central Finance Administration

(Trans.Note: Initials:

S (For Schwarte?)

H (For Hoyer)

Gr. (?)

Berlin NW 7, 14 August 1940

G/Prd.

" C o n f i d e n t i a l "

To the
Members of the Commercial Committee

Re: Camouflage measures abroad.

Enclosed we are sending you copy of a letter of the Supervisory Office Chemical Industry (Pruefungestelle Chemische Industrie) of 7 August 1940 as well as a draft of the reply to the Supervisory Office Chemical Industry which we have prepared together with the Legal Division, Dyestuffs, Frankfurt/M (Dr. von Bospatt) for your information and immediate examination since according to information received by us from the Supervisory Office Chemical Industry the matter is very urgent, we would like you to inform us of your opinion by telephone or cable by Saturday, 17 August. Should your reply not have reached us up to that time, we will assume that you approve that the letter be dispatched in the present form as drafted by us.

Further, it is intended to discuss the questions connected with this matter at the next meeting of the Commercial Committee of 20 August 1940 (under item 4) of the preliminary agenda "Foreign Companies".

I.G. FARBENINDUSTRIE AKTIENGESELLSCHAFT

Signature:

KRUGER

Signature:

FRANK-FAHLE

Enclosures

Copies for information to:

Dir. Dr. v. Knieriem, Ludwigshafen

Legal Division, Berlin SO 36

Legal Division, Leverkusen

Legal Division, Chemicals, Frankfurt/M

Wipo, Berlin NW 7 (2 copies)

(page 2 of Original)

Supervisory Office Chemical Industry
(Pruefungestelle Chemische Industrie)

Berlin W 35, 7 Aug. 1940

Katholikstr. 4

I.G. Farbenindustrie Aktiengesellschaft

Attention Attorney Gierliche,

Berlin NW 7

Unter den Linden 82

My Ref : Dr. Sdr./Kw.

Number: 91 690

Re: Camouflage of branches of subsidiary companies of the German industry in foreign countries and naturalization of the officials of such industries respectively.

Dear Herr Gierlich:

With reference to yesterday's telephone conversation I wish to acquaint you with the following letter of the Reich Group Industry:

"The management of the Foreign Organisation (AO) of the NSDAP has informed us that they regret that a number of important German industry enterprises are still endeavoring to camouflage their branches or subsidiary companies in foreign countries. This was done in various ways and to an increasing extent during the war in neutral countries through transfer to holding companies located in neutral countries abroad etc. Further it was often aspired, to cause the head of such branches in foreign countries to assume citizenship of a neutral country, also for reasons of camouflage.

Such camouflage manoeuvres have according to the AO been carried out in a number of cases although the management of the AO had expressed most serious concern giving appropriate reasons. The justification of these objections is today already supposed to be proven. In the enemy countries these "camouflaged" enterprises have been confiscated and in the neutral countries they were put on the "so-called" blacklist. The aims of this camouflage have therefore not been achieved and it should entail no small difficulties after the war to de-camouflage the enterprises concerned in order that they may regain their former standing under the protection of the strong Greater German Reich.

In some cases such camouflaged firms have not been put on the black list which appears to indicate that the enemy countries themselves have an interest in the products distributed. This might for instance apply to some pharmaceutical specialties which are of strategic importance to the enemy countries. For this reason it is often not in the interest of the Reich to have the enemy supplied with such products.

Of late it has still been attempted to induce the directors and top personnel of the said branches in neutral countries to assume the citizenship of the countries in which they are living. These facts prompted the AO to draw our attention to the following points:

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"1. Such camouflage will certainly be discerned by the enemy without difficulty. When such countries, as are at present still neutral get involved in war, these enterprises will be sequestered right away. As past experience teaches, the black listing of the firms concerned could not be avoided even if that state of neutrality should continue.

2. When the heads of the firms retain German citizenship, they enjoy the protection of the Reich through the representative of the Reich concerned; in many cases the firm concerned also benefits through this. The protection of the Reich ceases automatically as soon foreign citizenship is assumed.

3. In case of any possible sequestration or of other measures taken to the detriment of the firm concerned, possibly even in case of discrimination through black listing, the German Reich will be able to obtain the necessary recognition for all claims after the victorious conclusion of the war. This would probably not be possible in a legal way if camouflaged, that is, no longer Reich-German enterprises were concerned."

The AO is of the opinion that the inexpediency of camouflage and naturalizations has now been sufficiently proven. With the present situation of the war with its consequences on foreign policy, it would be absurd to continue following a trend which has been proven to be wrong. Firms which make such efforts will in foreign countries give the impression of not yet having unshakable confidence in the power that the German Reich represents. Such an attitude will also be justified in similar conclusions in observers in our own country.

The AO therefore suggests to us that those industries which are directly represented in foreign countries be informed in an appropriate way that further efforts of camouflage or naturalization of individuals are desirable and should therefore be rejected. These developments will presumably require special attention after the end of the war.

Before we state our fundamental attitude to the questions raised by the AO, we should appreciate it if you would inform us of your opinion in this matter as soon as possible."

I should be much obliged to you if you submit your opinion at an early date.

Heil Hitler!
Supervisory Office Chemical Industry
(Prüfungsstelle Chemische Industrie)
The Reich Commissioner.

Signed: signature.

(page 3 of Original)

D R A F T

To the
Supervisory Office Chemical Industry (Prüfungsstelle Chemische Industrie)
Attention Dr. Schneider.

We herewith acknowledge receipt of your letter of 7 August 1940 and refer to the discussion between Dr. Schneider and attorney Gierlich. As requested we are below informing you of our opinion on the letter of the Reich Group Chemical Industry, in regard to which we are first giving a brief historical survey of the reasons which caused us to take camouflaging measures in the past, as well as about the success resulting from them, and following that, we are stating our opinion about the question of the shape our sales organizations abroad are to take in future.

CERTIFICATE OF TRANSLATION

I, DOROTHEA L. GALEWSKY, EIC 34079, hereby certify that I am thoroughly conversant with the English and German languages; and that the above is a true and correct translation of excerpts of Document No. NI-2746-A.

DOROTHEA L. GALEWSKY,
EIC 34079.

End

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AFFIDAVIT UNDER OATH

I hereby state upon oath as follows:

I have been shown a translation of a draft of a letter of September 26, 1940 to be addressed to the German Ministry for Economics dealing with the subject of "Safeguarding of the Latin-American Sales Companies of our Dyestuffs and Chemical Department."

This draft was prepared for the following purpose:

In the course of 1940 it was planned to improve the system of camouflaging the various sales companies of I.G. Farbenindustrie in Latin America and some other companies connected with them. The aim was to be protected against war losses and to give said companies the chance to remain in business during the period of the war. This purpose and aim is in detail explained in that letter. The organization of the NSDAP for foreign countries (so-called "A.O.") which had always strongly objected to any camouflaging objected to this plan also. So it became necessary to explain to the Ministry which, in its capacity of a supreme foreign currency office, had to give its approval (in cooperation with the "A.O.") for all transactions involved, such purpose and aim and the success which, up to that time, had been obtained by the camouflaging system. The draft was made by the Central Finance Department of I.G. Farben in Berlin; it was based upon the material given by the interested selling departments and legal departments of I.G. Farben in Frankfurt. The matter was discussed by the representatives of the Central Finance Department with the Ministry. I do not exactly remember which persons made such discussions. It is likely that one or several of the following persons made them: Gierlichs, Henze, Dr. Krüger, Frank-Pahle. Informed of this letter were: Dr. Overhoff (head of the sales department dyestuffs for Latin America), Dr. v. Rossbatt, myself and one or several of the aforementioned persons. Dr. v. Schnitzler was also informed of the matter in general (probably by Dr. Overhoff), but

I do not remember if he was informed of the draft itself. It is probable that also Dr. Ilgner was informed, at least of the matter in general.

The draft was sent to Frankfurt, i.e. the legal department documents and the aforementioned sales department. In Frankfurt Dr. Overhoff, Dr. v. Roepatt and myself discussed the draft. As far as I remember the drafted letter was not sent to the Ministry. There were some alterations resulting from the fact that the plan was somehow modified. In any case I sincerely believe to remember that a letter which in the principle points corresponded to the draft was actually sent later on. The sending of the letter was approved by Dr. Overhoff, Dr. v. Roepatt, myself and by one or several of the above named persons of the Central Finance Department in Berlin.

Dr. v. Schnitzler was certainly informed about the camouflaging system in general, and in particular of the camouflaging modifications in South America. It was customary that Dr. Overhoff kept informed Mr. Waibel and Dr. v. Schnitzler about all important matters. That is why I sincerely believe that Dr. v. Schnitzler received, in the general lines, said information. But I do not remember that the aforementioned letter itself was given to Dr. v. Schnitzler for information.

(signed) Dr. Kötter

Sworn to before me this 7th day of
June, 1947 at Nuremberg.

(signed) MORRIS AMCHAN
Attorney, Office Chief of
Counsel for War Crimes
AGO No. D-229649

"A CERTIFIED TRUE COPY"

END

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Report by Dr. Kuepper at the meeting of the Legal Committee
on 3 October 1940

on

" Camouflaging of German agencies abroad . "

C

During the post-war period we had to resign ourselves more and more to camouflaging our sales companies (Verkaufsgesellschaften) abroad, i.e. to establish them in accordance with the laws of the country concerned and to administer our interests in these firms in such a manner that the participation of I.G. in these firms was not apparent. In the course of time this system was perfected more and more, and built up into a system capable of being adapted to the exigencies of the several situations, which made all but impossible, even on close investigation, any conclusions pointing to an indirect connection with I.G. I doubt, if this camouflaging system ever extended beyond our sales agencies, mixing plants and a few pharmaceutical factories. In the case of the remaining manufacturing companies, which had also been established in accordance with the laws of the country concerned, camouflaging did not usually become necessary. Neither reasons of taxation nor any of the other reasons for camouflage mentioned below, applied to them. Only Spain was an exception in this connection, where the legislation for the protection of industry forced us to prevent at least some of our interests from being officially known as such.

C

This camouflage has not only in the past resulted in considerable advantages amounting to many millions from the points of view of taxation and of commerce, but the camouflage system has enabled us in spite of the effects of the present war to safeguard our organization and our investments to a considerable degree, and to engage in a considerable amount of re-financing. More than in any other respect, every humanly possible success has been achieved in protecting our assets against the effects of war.

When the war has been won the position of the Reich will be so predominant that it will be necessary to revise the present camouflage system thoroughly. For political reasons it will be desirable to stress the German connections of our agencies abroad. Even before the war

(page 2 of original)

the Foreign Organization of the Party manifested a strong desire to that effect which is bound to be turned by victory in war into a plain demand for an end of camouflage. Gauleiter Hess of the Foreign Organization of the NSDAP for instance has already expressed the wish that we should acquire officially the shares of the Chemisches Ltd., Bombay, at present in the possession of neutral shareholders. We made our views on the subject abundantly clear both orally and in writing with the result that the matter was pursued no further.

(page 2 of original, cont'd)

Furthermore, the Foreign Organization has suggested in a letter to the Reichsgruppe Industry that firms represented abroad should be informed that plans for further camouflage were undesirable and must therefore be rejected. It commented on question raised in this connection in detail in the letter to the Supervisory Office, Chemical Industry (Pruefungsausschuss Chemische Industrie), dated 19 August 1940 at the end of which we stated the following:

" Finally we would like to say with regard to the organization of the sales companies abroad after the war that in principle we welcome the discontinuation of camouflage and that in the case of most countries especially in Europe we think that a development is possible. For some European countries and especially for overseas however we would like to suggest that a decision should not be made until the conditions of the country concerned and its particular export situation had in each individual case once again been subjected to a thorough examination. Furthermore we would like to point out that camouflage measures can only be rescinded carefully and gradually, so as not to harm our business friends abroad appointed as trustees, and to prevent on the other hand, that the simultaneous raising of camouflage measures in all countries within the sphere of German influence endanger such measures in those countries where it is at present impossible to do without camouflage."

From the point of view of private enterprise too, some of the reasons for camouflage will cease to hold good or lose their importance. It is therefore opportune to examine all aspects of the camouflage problem again with the greatest care. It would seem advisable to proceed on the principle that the foreign character of our agencies abroad should for sound political reasons become apparent everywhere unless there are from the point of view of national economy strong financial reasons against it, or unless a discontinuation of camouflage would in fact mean endangering export to the countries concerned.

(page 3 of original)

It remains to define in this report once more the reasons which led to our camouflage policy, to investigate how far these reasons still hold good and finally, how such camouflage could best be dropped where such a step seems feasible.

I. What were the reasons which led to our camouflage policy?

1. Paramount in the history of camouflage were reasons of taxation. The setting up of branches or official subsidiary companies would have meant the creation of " establishments " (Betriebsstellen). The burden of taxes resulting from the taxation of these premises would have been considerably higher than in the case of independent sales companies. The reasons of taxation are known in detail.

(page 3 of original, cont'd)

So that it is unnecessary for us to go into them once more. It will be worth mentioning, however, that there was a distinct danger of arbitrary taxation based on high estimates in the case of branches and official subsidiary companies because they would have been connected at once with the tremendous total volume of I.G. business and its enormous tax potential.

2) The subsequent developments in the political situation forced us on account of the threat of war to camouflage to the highest possible degree in the interest of our organization and our assets. This system made it possible to preserve intact the commercial organization, to secure the assets involved in the sales companies and to facilitate pre-financing in connection with loans. [In most cases a loan could only have been raised by camouflaging companies of the country concerned but not by branches or subsidiary companies).

3) It seemed moreover advisable during the early days of the war to conform to the national characteristics of the country concerned, in view of the fact that the Reich was so weak as to be unable to afford sufficient protection to German interests abroad.

4) Purely commercial considerations also led to camouflage. National companies acting as sellers offered in many cases a certain amount of protection against boycott tendencies. Even apart from the boycott problem the customer very often preferred to buy from or through companies of his own country.

(page 4 of original)

5) The establishment of a branch or subsidiary company would on the basis of the commerce legislation of British India - have led to an obligatory disclosure of important and not infrequently confidential figures in the balance sheets of I.G. itself. Even looking at it purely from the point of view of taxation it would often have been impossible in the case of branches or subsidiary companies to protect oneself against exorbitant estimates unless it could have been shown by producing the I.G.'s total turnover and profit statistics how much lower were the profits of any individual establishment. (Betriebsstatistik). Therefore even from the point of view of taxation these establishments would have involved the risk of an unwitting disclosure of I.G. balance sheet figures.

6) In several countries foreign companies or foreign subsidiary firms were subject to a stricter foreign currency control or had difficulties in their official dealings with the clearing authorities of the country concerned.

7) The " Antidumping Act of 1921 " passed by the USA provides that, in case of a dumping investigation, the invoice price shall, in accordance with Section 201 ff, be compared with

(page 4 of original, cont'd)

- 1) The foreign market value, i.e., the price at which the respective goods or similar goods are freely offered for sale on the home market; this is in fact the German price;
- 2) if according to this the price charged in the country of origin is inapplicable, comparison to be made with the price charged for export to countries other than the USA;
- 3) If neither of the above mentioned prices can be determined, comparison to be made with the cost of production. Naturally it is important for us that neither the German price nor the cost of production should be considered for comparison. It has been possible to eliminate the German price by pointing out that our sales in Germany are all subject to prohibition of re-sale, so that they cannot be considered as freely offered for sale. We must therefore take as a basis prices of export to third countries. In this connection however, the anti-dumping law lays down that only sales to free and independent trade firms should be admitted for comparison. Apart from reasons of taxation we were forced to establish, in order not to endanger our export to USA, free and independent firms in Canada and Australia whose connection with us was not in any way apparent.

(page 5 of original)

- 8) There is a law for the protection of industry in Spain according to a Royal Decree of the 30th of April 1924 and of 24 October 1939, on the basis of which national industries, i.e. industries in which foreign participation did not exceed 25% are granted advantages with regard to taxation, customs duty, and so forth. We have therefore handed over $\frac{1}{2}$ of our 50% participation in the FINCE in Barcelona to the Union Guindas y Aluch S.A. - now Unicolor S.A. - Barcelona. It was of course a condition of transfer that the German connections of Unicolor S.A. should not become evident either.

The above mentioned reasons for camouflage were generally speaking so decisive in the vast majority of cases that we were prepared to accept the disadvantages of camouflage, disadvantages which consisted mainly in the necessity of setting up and maintaining a special organization for the purpose of keeping camouflage measures secret, with all the additional work and supervision such a step entailed.

(page 5 of original, cont'd)

II. To what extent will camouflage become superfluous in the future?

In my opinion, the following reasons will, generally speaking, i.e. in all countries, become inadmissible in the future:

1) Securing against danger of war.

After the victorious end of the war a long lasting political appeasement can be expected. But distant possibilities cannot be a reason for camouflage any longer, in view of the reasons against it, especially of a political nature.

2) The position of the Reich is so predominant that an official participation will enjoy the greatest possible protection.

3) Purely commercial reasons of sales psychology do not play a decisive part. The same can be said with regard to protection against boycotts. From a political point of view private economic considerations should in this respect take second place to the political necessities, which call for emphasis of German connections.

4) Advantages, which national companies would have in their dealings with the authorities of their country through continued camouflage, are of secondary importance and play no part in comparison with the political considerations already mentioned.

The remaining reasons for camouflage mentioned above (taxation questions, USA-antidumping Act and legislation for the protection of industry) are not of a general nature and have to be judged individually in every country.

(page 6 of original)

Thus here one must carefully examine the conditions in each country. The Dyes Legal Section intends to carry out within its sphere a comprehensive and careful examination, taking country by country, as to whether there are still urgent reasons for any further camouflage. The scope of this report is such that only a few countries can be picked out as examples:

- 1) Legislation in the USA in the field of dumping will not be changed even in the distant future. For our export to the USA, especially in the dyes sector, it therefore might still be imperative for us to maintain, at least in two countries serving as comparison, viz. Australia and Canada, free, independent sales companies, in other words to maintain the camouflage.

- 2) In Spain we have still to reckon with further industrial protective legislation. It will be difficult to take AXE's share out of Unicolor S.A.. In view of the fact that Unicolor, as sole importer, must already show an adequate profit, no considerable increase in taxes is to be expected in the case of Spain either. Thus for the time being owing to the industrial protective legislation, it will not be possible to think of lifting the camouflage in Spain either. Our decision as to whether we could take upon ourselves the responsibility of officially establishing a plant depends upon the result of the investigations as to the additional charges for taxes in the various countries which would have to be faced by us when lifting the camouflage. Let us take some of the important countries:

- a) In my statements on the questions of the peace treaty I have already reported the proposal which we have already submitted to the German authorities in connection with the policy of taxation measures, and pointed out that it is likely that even more far reaching demands might be advanced. In the case of those countries in which our proposals have been realized, there is, in my opinion, no longer any urgent reason, from the angle of national economy, to maintain the disguise. If this proposal is carried out, the rendering of an internal balance-sheet can be dispensed with. We have to ensure that the percentage of the turnover, on which the taxable profit is reckoned, keeps within reasonable limits. It is true that an investigation already carried out shows that

(page 7 of original)

in almost every case, taking as basis a percentage of about 5%, a considerably higher taxation is to be expected. Here, however, we are concerned with an increase in taxes which we can and have to take in our stride.

- b) As for the rest, each country must be treated individually. Regardless of the fact as to whether in the under mentioned countries, our demands regarding taxation policy are realized, it may be said that in those countries in which de jure or in fact we have already been recorded as a plant for purposes of taxation we may abolish our disguise without running the risk of too serious consequences. This applies to Great Britain, Ireland, Italy, Rumania, and Norway. In Hungary we may be expected to be taxed as a factory before long. In Bulgaria we are already taxed on the turnover.

Also here a considerable increase in taxes is to be feared, but one will have to put up with it.

We have drawn up a first estimate for a number of countries of the additional taxes we should incur if we were to conduct our business by means of plants. In this connection we have taken as basis 30% tax, which although a rough calculation, must nevertheless be taken as an average. We have prepared the

(page 7 of original cont'd)

taxes which would have to be paid on a basis of a profit of only 5 % on the turnover, with the taxes that have hitherto been paid. This rate of 5 % must of course be regarded as a minimum rate. In those countries where our proposals for taxation policy are not realized, we have to reckon with higher percentages.

Thus the increase in taxes, always bearing in mind that we are here concerned only with the chemicals and dyes sectors, would amount, in the various countries we quote by way of example, to:

(page 8 of original)

| | | |
|-------------|----|------------|
| Yugoslavia | RM | 75.000.-- |
| Greece | " | 16.000.-- |
| Switzerland | " | 45.000.-- |
| Denmark | " | 53.000.-- |
| Sweden | " | 77.000.-- |
| Belgium | " | 72.000.-- |
| Holland | " | 100.000.-- |
| France | " | 79.000.-- |
| Spain | " | 45.000.-- |
| Total: | RM | 570.000.-- |

Thus, especially if we include the other Spartan of I.G. we have to reckon with quite considerable additional charges. On the other hand, our proposals concerning taxation policy will at least in France, Holland and Belgium be realized.

As to British India, the situation as regards taxes is quite a special one. I already reported in detail on this subject on 17 March 1939 at the meeting of the Legal Committee. I especially pointed out that foreign companies have to pay a multiple Super Tax (6,25% + 45% Super Tax). Moreover, in view of the anti-foreign taxation legislation, we have to expect extraordinarily high estimates of our profits for tax purposes. In the case of British India, the annual additional charges, taking a quite rough calculation, could be anything between 1 to 2 million Reichsmark at least. It must also be borne in mind that in British India commercial law rules that branches or subsidiary companies have to make known their internal balance sheets. Thus British India would be a country where, if disguise were discarded charges would be incurred which ~~with free~~ a purely financial angle, and from the point of view of national economy, could not be considered justified, quite apart from the disclosures of the internal details of the balance sheet which is not in the interests of national economy either. Naturally the position would be different if British India agreements could be reached which would remove these disadvantages. The agreements we have in mind are:

(page 9 of original)

- 1) Procedure on the lines of the proposition concerning measures of taxation policy mentioned by us on various occasions and already submitted. This would place us on an equal footing with the Indian Companies as regards Super Tax.
- 2) Fixing 5% of the turnover as maximum profit for tax purposes.

(page 9 of original cont'd)

3) Revocation of the obligation to disclose our internal balance sheet.

Whether such agreements can be reached, naturally depends entirely on the political trend in British India. If, as may be expected, British India gains her independence, I consider it absolutely impossible to carry through agreements of this kind. In my opinion, therefore, one must work on the assumption that in British India the disguise should be continued.

In the foregoing I have picked out only particularly important countries. Therefore the following policy should be adopted:

In Great Britain, Ireland, Italy, Hungary, Rumania, Bulgaria and Norway, for the reasons as outlined, it may be decided to abolish the camouflage without too serious consequences. The same applies to those countries where, in our relations, with them, our propositions concerning measures of taxation policy will be realized. Moreover, in those countries which belong to the Reich's sphere of influence, one will have to decide to drop the disguise in any case, although, seen also from the aspect of national economy, the additional charges incurred for taxes will under certain circumstances not be insignificant. The case of Spain still needs to be specially investigated. In British India, Canada and Australia the present system of camouflage must be maintained.

But also in the case of those countries where it is proposed to abolish the camouflage, the entire problem will have to be discussed with the authorities on the basis of reliable figures, as, taken as a whole, amounts running into millions are involved, which, of course, are of importance to the national economy.

(page 10 of original)

III. In which way is the camouflage to be lifted?

When abolishing the camouflage one has to proceed with all possible caution. One has to consider those persons who act for us as share-holders. One has to avoid retrospective tax demands by close lifting of the disguise. We have also to consider that there might be reactions in those countries where we are compelled to drop the question of lifting the disguise.

As there can be no question of the camouflaged firms being liquidated and newly established because of this very danger of reaction, the disguise can only be removed by our acquiring quite officially and against payment of an appropriate compensation the shares owned by the trustees. Naturally this also has its consequences, especially the taxes payable by the trustees themselves, who still require a thorough investigation concerning each country where in future the camouflage is to be lifted. It must also be borne in mind that local foreign exchange regulations frequently require foreign exchange permits for the sale to foreigners, and perhaps even forbid the sale to foreigners. Thus it will frequently be found impossible to decamouflage from one day to the other; it will have to be done cautiously, and cases may arise where a fairly long transition period will have to be reckoned with.

Finally, we must consider the question as to how we should organize from a judicial angle the plants that are to be newly established. I am of the

TRANSLATION OF DOCUMENT No. NI-8646
CONTINUED

(page 10 of original cont'd)

opinion that on no account can we consider the establishment of I.G. branches. To form such I.G. branches would be to render the transition extraordinarily difficult. From a purely commercial point of view we have also to consider that, especially where anti-German sentiment still remains or increases, in many countries the customer would rather buy from a company with a national sounding name than from I.G. Farbenindustrie Aktiengesellschaft, the prototype of the German economy. Also in negotiations with authorities as well as in many other respects, as far as the question of the plant itself is concerned, it will often be found more convenient not to appear as I.G. Farbenindustrie Aktiengesellschaft but as a company under the law of the country in question. Also attention has to be paid to the fact that many of our agencies

(page 11 of original)

represent quite a number of foreign firms; to maintain such foreign agencies under the name of the firm I.G. Farbenindustrie Aktiengesellschaft may in many cases cause difficulties. Looking at it strictly from the tax point of view, we may reckon that the establishment of a branch would immediately entail taxation at the rate applied to plants, whereas it might happen that in the case of an I.G. subsidiary company taxes might be imposed only after a longer transition period. From the general view point of taxation policy, a branch of I.G. always presents greater difficulties as regards taxes, by reason of the very size of I.G. as mentioned at the beginning, than does a subsidiary company of I.G. formed in accordance with the law of the country in question. In so far as we decide on removing the camouflage, no branches of I.G. will be founded, but the firms whose disguise has been removed, will be conducted as official subsidiary companies.

It might be advisable for all I.G. sales Sparten to make enquiries in the above mentioned direction and exchange with each other the results of their investigations. At a joint conference each country would then be dealt with separately and a decision taken. In this connection I could imagine, and this too should be examined, that under certain circumstances the various Sparten in each country might proceed in different ways i.e. that one Sparte organizes its sales company as a subsidiary company and the sales company of another Sparte maintains its disguise. In view of the danger of reaction, it will naturally be necessary to proceed with extreme caution.

signature: KUEPPER (?)
(Dr. Gustav Kuepper of Sales Combine Dyes)

CERTIFICATE OF TRANSLATION

9 July 1947

We, VICTORIA CRITCH, No. 20129 and LEONARD LAWRENCE, No. 20136, hereby certify that we are thoroughly conversant with the English and German languages and that the above is a true and correct translation of the document No. NI-8646.

VICTORIA CRITCH, No. 20129
LEONARD LAWRENCE, No. 20136.

I, Dr. Gustav Kupper, make the following declaration under oath:

I have been shown a copy of a document identified as No. NI-2652 which consists of a four page statement on the subject of "Tarnung" (camouflage) of German agencies abroad.

This statement is a translation of a report or a draft of a report which I prepared and read at a meeting of the legal committee of I.G. Farben. My recollection is that this report was read to the committee some time in the late 1939 or early 1940 after beginning of the continental war.

I definitely recall that Dr. v. Knieriem was present at the meeting of the committee at the time this paper was read, and that he participated in the discussions that followed the reading of the report.

After the report was read and discussed in the committee, it was generally approved and no objections were made. Such action is considered by the members of the legal committee to constitute an approval of past action and authorization to continue along similar lines in future action.

(signed) Dr. Gustav Kupper

Sworn to before me this 7th day of
June 1947

(signed) MORRIS AMCHAN
Attorney, Office Chief of
Counsel for War Crimes
AGO No. D-229649

A CERTIFIED TRUE COPY

END

115 - *Foster*
MILITARY TRIBUNAL NO.
CASE NO. 51

51

Engl.

(This book contains ^{all the} records
included in books 51, Part I & II,
in the German copies)



INDEX TO DOCUMENT BOOK L 2

I. G. Farben Case - Count I/H

With the approach of war and in connection with each new act of aggression, FARBEN intensified its preparation for and participation in the planning and execution of such aggressions and the reaping of spoils therefrom.

| Exhibit No. | Document No. | Description of Document | Page No. |
|-------------|--------------|---|----------|
| | NI-4024 | Farben's plan for "New Order for the Chemical Industry of Austria", which was submitted to Keppler on 9 April 1938. | 1 |
| | 388-PS | Item 11, Pages 15 through 19 of the document, being the directive of Hitler dated 30 May 1938, re decision to attack Czechoslovakia not later than 1 October 1938, and covering order of Keitel, Chief of the Supreme Command of the Armed Forces, re the same. | 5 |
| | NI-10408 | Report of Farben's VOWI dated 28 July 1938 re chemical industry of Czechoslovakia, particularly the Prager Verein. | 98 |
| | NI-10725 | Letter from Commercial Committee to Vorstand members dated 21 September 1938, re location of chemical industry in Czechoslovakia. | 115 |
| | NI-3721 | Letter, 23 September 1938, from Kuchne to Ter Meer and von Schnitzler, re anticipated acceptance of Farben nominee Jurster and Kugler as commissary for the Czechoslovakian chemical plants. | 110 |
| | NI-3722 | Letter, 29 September 1938, from von Schnitzler to Ter Meer, Kuchne, Ilgner, and Jurster, re discussions with State Secretary Keppler concerning Prager Verein. | 117 |
| | NI-1318 | Note to Schmitz, 22 September 1938, and other correspondents re Farben's contribution to the Sudeten-German Free Corps of 100,000 RM. | 119 |
| | NI-2795 | Letter from Schmitz to Hitler, 30 September 1938, placing at his disposal one-half million marks for use in the Sudeten-German territory on the occasion of the return of Sudeten-Germans to the Reich. | 122 |



| Exhibit Document No. | Document No. | Description of Document | Page No. |
|-------------------------|--|-------------------------|----------|
| NI-4710 | Letter from Schmitz to General Christ- mann, Corps Leader of the National Socialist Air Corps, contributing 50,000 RM for the mobilization of National Socialist Air Corps. | 126 | |
| NI-6842 | Memorandum dated 19 June 1940 of Management Division, Farben, re "Pre- parations for the reshaping of the economic relations in post-war Europe." | 128 | |
| NI-4897 | Letter dated 24 June 1940, from von Schnitzler to members of the Commercial Committee and Ter Meer and von Kieriam, re special meeting of Commercial Committee to discuss program for future of Europe. | 130 | |
| NI-6293 | Minutes of special meeting of Commercial Committee held 28th and 29th June 1940, discussing the plans for reorganization of European economy. | 131 | |
| NI-4695 | Memorandum, dated 20 July 1940, entitled "Suggestions for Peace Treaty", particularly as regards position of German Reich patents in the European Chemical field under German control. | 140 | |
| NI-11252 | Letter dated 3 August 1940 addressed to Director, Dr. Schlotterer, Reich Economic Minister, signed by von Schnitzler, (Copy to Dr. Bergemann and Dr. Mulert of Reich Ministry of Economics, Dr. Ohgewitter, Chemical Industry Group, and Ambassador Hemen, German delegate to French Armistice Delegation), enclosing: (a) Neuord- nung, general part, and (b) Neuord- nung, detail, for France. | 155 | |
| NI-6840 | Memorandum dated 7 August 1940 by Terhaar of Farben Berlin NW 7 Office, re transmitting to the German authorities the documents of peace planning, namely, covering letter, general part, and material pertain- ing to France. | 199 | |
| NI-11377 | Letter, dated 23 August 1940, from I.G. Farben, per Ilgner, to Dr. Schlotterer, Reich Minister for Economics, re new order for Holland and Belgium. | 207 | |

Exhibit Document

| No. | No. | Description of Document | Page No. |
|-----|-----|-------------------------|----------|
|-----|-----|-------------------------|----------|

Ask court to take judicial notice of pages 1445 through 1615 of Part 10, February 1946, of Hearings Before Subcommittee of the Committee on Military Affairs, U.S. Senate 79th Congress, Second Session, S.Res.107 (78th Congress) and S.Res.146 (79th Congress), authorizing a study of war mobilization problems and elimination of German resources for war (popularly referred to as Kilgore Committee hearing), for details of new order relating to Holland, Denmark, Belgium, and Norway.

6955
 NI-~~5056~~ Letter dated 22 October 1940 from von Schnitzler to members of Commercial Committee re proposed new order for England. 208

NI-5195 affidavit of von Schnitzler, particularly pages 6 through 9, re General Saline and Film; pages 10 through 13, re new order. 209
 (See Book XVI - Schnitzler affidavits)

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9*

| Exhibit No. | Document No. | Description of Document | Page No. |
|--|--------------|--|----------|
| | NI-6955 | Letter dated 22 October 1940 from von Schnitzler to members of Commercial Committee re proposed new order for England. | 208 |
| (See Book XVI - Schnitzler affidavits) | NI-6195 | Affidavit of von Schnitzler, particularly pages 6 through 9, re General Aniline and Film; pages 10 through 13, re new order. | 209 |
| | NI-10164 | Excerpts of "New Order" for a) Holland b) Denmark c) Belgium | 225 |

NI-6955 *Manuscript of the agreement between the German and the Japanese Fibre and Paper Industrial Association (Army Ministry) and the D.S. ...* 226 B

C O P Y.

I.G. Farbenindustrie A.G.,

Berlin NW 7, 9 April 1938
Unter den Linden 82.

To the
Office of the State Secretary K e p p l e r,

Vienna
Ballhausplatz.

Kg/Uhl

New order of the Chemical Big Industry in Austria.

In the Austrian chemical big industry, two firms take by far the lead with respect to both volume and importance of their production, the Carbidwerk Deutsch-Ötztal A.G. which belongs to the syndicate of Dynamit Nobel A.G., Troisdorf, and the powder plant Pulverfabrik Skodawerke-Atalor A.G. in which the Oesterreichische Kreditanstalt has a controlling interest.

Carbidwerk Deutsch-Ötztal A.G. comprises of the following plants or associated concerns in Austria:

1. Carbidwerk Deutsch-Ötztal A.G.
Capital: S (Austrian shillings) 2,800,000
Plants: Deutsch-Ötztal (on the Brenner)
Brückl (Carinthia)
Products: Chlorine, Alkaline-Electrolysis and
Derivatives thereof.

2. Continental Gesellschaft fuer angewandte Elektrizitaet
(Continental Company for applied electricity)
Capital: Swiss Franks 2,400,000
Plants: Landeck and Vilsberg; (power station) on
the Aarberg
Products: Calcium carbide and ferrosilicon.
3. Oesterreichische Kunstduenger-Schwefelsaure-und
Chemische Fabrik A.G.
(Austrian Fertilizer-Sulfuric acid and Chemical Plant)
Capital: S 1,200,000

(Page 2 of the original)

Plant: Deutsch Wagram (Lower Austria)
Products: Superphosphate and Sulfuric Acid.

The Skoda-Wetzlar dispose the following plants or
associated companies:

1. Pulverfabrik (powder plant) Skodawerke-Wetzlar A.G.
Capital: S 7,000,000
Plants: Teosbierbaum-Heiligenbach near Tulln
(Lower Austria)
Products: Inorganic Acids, Heavy Chemicals, Nitrogen
Products, and Superphosphate.
2. Chemische Fabrik Wagnmann, Seybold & Co. A.G.
Capital: S 1,000,000
Plant: Liesing (Lower Austria)
Products: Inorganic Acids and Heavy Chemicals.

In addition, the Skodawerke-Wetzlar have the management
of the State-owned powder plant in Blumau.

In view of the fact that in a small country such as
Austria the possibilities of development of a chemical industry
are limited, the said Austrian firms have at all times leaned
on I.G. Farbenindustrie Aktiengesellschaft as was expressed by
the numerous agreements and conventions, as well as by the
establishment of a joint sales organization "Millinchemie A.G.",
Vienna. Thus Millinchemie A.G. sells a large portion of chemical
products of Deutsch-Wetzlar and Skodawerke-Wetzlar and also acts
as agency of I.G. Farbenindustrie Aktiengesellschaft for the
latter's chemicals in Austria and is entrusted with the super-
vision of the businessline in Southeastern Europe.

Following the coordination of sales interests already
achieved in the Millinchemie, in the past year the I.G. has
seized in agreement with the competent Reich offices, the
initiative for further standardization of both sales and produc-
tion.

In February 1936, following lengthy negotiations with
the Austrian partners (Deutsch-Wetzlar and Skodawerke-Wetzlar
A.G.) a plan was drawn up providing for the merger

(Page 3 of the original)

of Carbidewerk Deutsch-Wetzlar and Skodawerke-Wetzlar A.G. under the auspices and possible simultaneous participation of I.G. Farbenindustrie Aktiengesellschaft into the "Ostmark-Chemie A.G.". The sales interests of the partner firms were to be coordinated in the future by a new "Ostmark" Chemikalien Handels A.G..

In view of the reincorporation of Austria these negotiations were at first interrupted on the one hand as a result of the fact that the controlling parties participating on the Austrian side in these negotiations were not Aryans and, on the other hand, pursuant to the decree of 19 March 1938, imposing restrictions on the establishment of commercial and industrial enterprises in Austria (R.G. I, p.264).

It is, however, very urgent to bring said negotiations to a speedy conclusion.

- a) The leading officials - it is true - have been in the meantime replaced by Aryans. The usually necessary reorganization of personnel in subordinate positions can be completed appropriately and with a long-range view only when a clear picture of the future situation exists.
- b) Under the tariff protection enforced in Austria hitherto, various types of production have been adopted which following the removal of the tariff barriers between Austria and the old Reich, can hardly be maintained in the interest of the German-Austrian industrial consumers. In order, however, to keep the Austrian chemical industry going, it will be necessary, as speedily as possible, to shift, whenever required, certain types of production from the old Reich to German-Austria and vice-versa.
- c) The groundwork should be laid immediately to prepare assignments to be carried out by the chemical big industry of Austria within the framework of the Four Year Plan.

(Page 4 of the original)

We, therefore, request that we be authorized to liquidate Millinchemie A.G. and establish "Ostmark" Chemikalien Handels A.G. and

to continue our negotiations to progress the acquisition of a controlling interest in the Skodawerke-Wetzlar A.G./ and/or to merge Carbidewerk Deutsch-Wetzlar A.G. with the Skodawerke-Wetzlar A.G.

We shall keep the competent authorities informed about the progress made in these activities and we shall, of course,

resubmit for approval individual decisions whenever required
on the strength of existing regulations.

H o i l H i l l e r |

I.G. FARBINDUSTRIE AKTIENGESELLSCHAFT

(s) HAEFLIGER (s) KRUEGER

END

CERTIFICATE OF TRANSLATION

I, Dr. HORN, Civ. 20004, hereby certify that I am thoroughly
conversant with the English and German languages; and that the
above is a true and correct translation of Document No. NI-3981.

9 April 1947.

Dr. HORN,
Civ. 20004.

PERTAINING TO WAR HISTORY

(pencil note)

S.O. Only

"F.I.L. GRD"

CZECHOSLOVAKIA

TRANSLATION OF DOCUMENT 388-PS
(cont'd.)

ITEM 1

----- of the Fuehrer: (semi-illegible)

- 1). Does MUSSOLINI regard his work as completed or not.
 - a). if so, close future boundary of Czechoslovakia west then wait and see. "Return with the bag empty."
 - b). if not, then the "Empire" of Africa. Impossible without German help. Czechoslovakia is a preliminary condition. "Return with Czechoslovakia in the bag."
- 2). MUSSOLINI, who is no illusionist, can definitely assess Germany's military potentialities. Therefore he will suit timing of his aims with that
- 3). Against France and England problem of Czechoslovakia can be settled only if still allied with Italy. France and England will not intervene. (Only to overcome the four-week re-grouping period.)
- 4). Living under a common fate. (Example, 1805 and 1806)
- 5). State of Armament: comparisons relative but in our favor:
 - a). Deliveries of ores: France - 500,000 tons
Germany - 2 Million tons.
 - b). Britain has been arming for 9 months. Launching not for 2 years.
 - c). Out of date air force equipment.
- 6). No general staff conferences of the various branches of the Armed Forces. Could have to retract permission to the Army. Only through Supreme Command. Very important that actual intentions be kept secret.
- 7). Arming progressing too slowly: Guns not only for constituted units, but also in reserve for replacement. Fortifications, Range of guns.
- 8). Replacement of officers doubtful.

Sohn

(M. Schmundt's writing
and initialed by him)

ITEM 2

S.O. Only

Berlin, 22 April 1938

BASES OF THE DISCUSSION ON "GRUEN"

Summary of discussion between Fuehrer and General KEITEL of 21 April:

A. Political Aspect

- 1). Strategic surprise attack out of a clear sky without any cause or possibility of justification has been turned down. AS result would be: hostile world opinion which can lead to a critical situation. Such a measure is justified only for the elimination of the last opponent on the mainland.
- 2). Action after a time of diplomatic clashes, which gradually come to a crisis and lead to war.
- 3). Lightning-swift action as the result of an incident (e.g. assassination of German ambassador in connection with an anti-German demonstration).

B. Military Conclusions

- 1). The preparations are to be made for the political possibilities 2) and 3). Case 2). is the undesired one since "Gruen" will have taken security measures.
- 2). The loss of time caused by transporting the bulk of the divisions by rail - which is unavoidable but should be cut down as far as possible - must not impede a lightning-swift blow at the time of the action.
- 3). "Separate thrusts" are to be carried out immediately with a view to penetrating the enemy fortification lines at numerous points and in a strategically favorable direction. The thrusts are to be worked out to the smallest detail (knowledge of roads, of targets, composition of the columns according to their individual tasks). Simultaneous attacks by the Army and Air Force.

The Air Force is to support the individual columns. (e.g. divebombers: sealing off installations at penetration points, hampering the bringing up of reserves, destroying signal communications traffic, thereby isolating the garrisons.)

- 4). Politically, the first 4 days of military action are the decisive ones. If there are no effective military successes, a European crisis will certainly arise. Accomplished facts must prove the senselessness of foreign military intervention, draw Allies into the scheme (division of spoils) and demoralize "Gruen".

Therefore: bridging the time gap between first penetration and employment of the forces to be brought up, by a determined and ruthless thrust by a motorized army. (e.g. via Pl post Pr) (Pilsen, Prague).

- 5). If possible, separation of transport movement "Rot" from "Gruen". A simultaneous strategic concentration "Rot" can lead "Rot" to undesired measures. On the other hand it must be possible to put "Fall Rot" into operation at any time.

G. Propaganda

- 1). Leaflets on the conduct of Germans in Czechoslovakia (Gruenland).
- 2). Leaflets with threats for intimidation of the Czechs (Gruenen).

Schm

Written by an officer

(initialed by
Schmidt)

ITEM 2

22 April

a). POLITICAL POSSIBILITIES

- 1). Sudden surprise attack out of clear sky not possible. World opinion can produce critical situation. Would be thinkable only for ultimate conflict without the threat of other opponents.
- 2). Action after a period of tension and constant aggravation of the situation.
- 3). Action as the result of an incident. (example)

b). MILITARY NECESSITIES

Cases 2 and 3 can be considered. In case 2 "security measures" will be taken. Duration of transporting by rail to be looked into.

- 1). Invasion by columns ready to march at points which lie in/direction, strategically important. (Permanent fortifications must be known, columns assembled to suit particular situations, roads reconnoitred.) Simultaneous attack by Luftwaffe, cooperation with Luftwaffe, isolation of garrisons of the fortifications, cutting of communications.)
- 2). "Dead Space" in first 4 days prior to actual operation must be avoided under all circumstances. Must be bridged through motorized army. Penetrating via HISEN. Hanger mobilization.
- 3). Separation of transport movement "Rot" and "Grues",
 - a). in order not to aggravate "Rot",
 - b). but also so as not to arrive late, if necessary.

Basic Principle : Create accomplished facts so that

- a). help comes too late - other powers do not intervene
- b). Allies take part (like wolves also want something out of it)
- c). State collapses from within.

Propaganda: Directions to Germans
Threats to others

- Submit:
- 1). Fortifications (strength in detail)
 - 2). Distribution of nationalities within Wehrmacht.

ITEM 3

MOS 1 16/5 0925 -
Armed Forces of the Armed Forces

ZEITZLER

Most Secret - 1) Which divisions on the "Gruen" frontiers ready to march
within 12 hours, in the case of mobilization?
2) What is the final day of mobilization?

SCHMIDT

MOS 1 1930 MELDW MBZ

(the same also in Schmidt's handwriting)

MOS No. 2 1115 -

MBZ 02 16/5 1115 -

Major Schmidt, Armed Forces Adjutant to the Fuehrer -

Most Secret to Question 1

12 of 18km - in garrisons

to Question 2

Third day - Picked state time of receipt. Teleprint left
my room at 1115 - MBZ

ZEITZLER Oberstleutnant on the General Staff

MOS 03 16/5 1155

OMW for Oberstleutnant Zeitzler - Most Secret

1). Teleprint received 1115

2). Please send the numbers of the divisions.

Schmidt

(the same also in Schmidt's handwriting)

1159 MOS 03 Wegner?

MOS 04 16/5 1302 -

Major Schmidt Armed Forces Adjutant to the Fuehrer -

Most Secret to message 1155 7, 17, 10, 24, 4, 14, 3, 12, 28, 8,
around and mountain.

Zeitzler Oberstleutnant on the General Staff.

ITEM 4

MEZ 05 17/5 1946

TO MAJOR SCHMIDT ARMED FORCES ADJUTANT TO THE FUERHER - MOST SECRET
IN ANSWER TO OBERSST LEUTNANT ZEITLER AND WITH REGARD TO MAP OF FORTI-
FICATIONS:

FORTIFIED CONSTRUCTION CONSISTS OF FAIRLY LARGE NUMBER OF STEEL AND CON-
CRETE FORTIFICATIONS AS WELL AS LIGHT, MEDIUM AND HEAVY MG EMPLACEMENTS
TO CLOSE GAPS BETWEEN FORTIFICATIONS. NUMBER OF STEEL AND CONCRETE FORTI-
FICATIONS VARIES FROM ONE TO NINE PER KILOMETER. POSITIONS CONSTRUCTED
CONSIST OF LIGHT, MEDIUM AND HEAVY MG EMPLACEMENTS AND AN OCCASIONAL STEEL
AND CONCRETE FORTIFICATION IN BETWEEN. NUMBER OF MG EMPLACEMENTS VARIES
FROM TWO TO NINE PER KILOMETER. BLOCK CONSTRUCTION CONSISTS OF LIGHT,
SOMETIMES MEDIUM AND HEAVY MG EMPLACEMENTS AT MAIN ROADS AND THOROUGH-
FARES. DEFENSIVE POTENTIALITIES: STEEL AND CONCRETE FORTIFICATIONS
BULLET PROOF AGAINST ALL KNOWN CALIBRES. LIGHT MG EMPLACEMENTS BULLET
PROOF AGAINST ALL CALIBRES UP TO 10.5 CM., MEDIUM MG EMPLACEMENTS BULLET
PROOF AGAINST CALIBRES UP TO 10.5 CM.; HEAVY MG EMPLACEMENT BULLET PROOF
AGAINST CALIBRES UP TO 21.00 CM., SOMETIMES AGAINST THE LARGEST CALIBRES.

ZEITLER OBERSSTLEUTNANT ON THE GENERAL
STAFF

ITEM 5

MOST SECRET

Chief of the Supreme Command of the Armed Forces
L. Fa. No. 38/38 S.O. Copy

Berlin, 20 May 1938
Tirpitzufer 72.76

S.O. Only
access only through Officer
Schm (initialled by
Schmundt)

My Fuehrer!

Effective 1 October 1938 (beginning of the new mobilization year for the army) new strategic directives must be issued, those political bases and stipulations you, my Fuehrer, yourself intend to make.

For the present, however, it is necessary that the "Gruen" section of the strategic directives be replaced by a new version that takes into account the situation which has arisen as a result of the incorporation of Austria into the Reich and the newly-suspected intentions of the Czech General Staff.

A draft of this kind is attached. It has not yet been discussed with the Commanders in Chief. I intend to do this only after this draft in its fundamental ideas has been approved by you my Fuehrer, so that it can then be resubmitted to be signed.

Hail, my Fuehrer

(signed) Keitel

ITEM 5

written by an officer

L. Is to No. 38/38 S.O. Only

Berlin, 20 May 1938.

MOST SECRET

DRAFT

S. O. Only

for

3 Copies

access only through officer

1st Copy

THE NEW DIRECTIVE "GRUEN"

(Provisional) - pencil
note

1). Political Prerequisites:

It is not my intention to smash Czechoslovakia without provocation, in the near future through military action. Therefore inevitable political developments within Czechoslovakia must force the issue, or political events in Europe create an especially favorable opportunity and one which may never come again.

2). Political Possibilities for the Commencement of the Action:

An invasion without suitable obvious cause and without sufficient political justification cannot be considered with reference to the possible consequences of such an action in the present situation.

Rather will the action be initiated either:

a). after a period of increasing diplomatic clashes and tension, which is coupled with military preparations and is made use of to push the war-guilt onto the enemy. Even such a period of tension preceding the war however will terminate in sudden military action on our part, which must come with all possible surprise as to time and extent, or

b). by lightning-swift action as a result of a serious incident, through which Germany is provoked in an unbearable way and for which at least part of the world opinion will grant the moral justification of military action.

b). is militarily and politically the more favorable.

3). Conclusions for the Preparations of "Fall Gruen";
which must take into account the possibilities mentioned in 2 a). and 2 b).

a) For Armed War it is essential to create -- already in the first days -- a military situation which plainly proves to hostile nations eager to intervene, the hopelessness of the Czechoslovakian military situation, and gives the nations with territorial claims on Czechoslovakia an incentive to immediate intervention against Czechoslovakia. In such a case the intervention of Poland and Hungary against Czechoslovakia can be expected, especially if France, due to Italy's clearly pro-German attitude fears, or at least hesitates, to unleash a European war by her intervention against Germany.

It is very probable that attempts by Russia to give military support to Czechoslovakia are to be expected. If concrete successes are not achieved as a result of the ground operations during the first few days, a European crisis will certainly arise.

b) The Propaganda War must, on one hand, intimidate Czechoslovakia by threats and reduce her power of resistance, on the other hand,

TRANSLATION OF DOCUMENT 368-PS
(cont.)

give instructions to the national minorities for supporting the Armed War and influence the neutrals into our way of thinking.

- c). The Economic War has the task of employing all means at the disposal of economy to hasten the final collapse of Czechoslovakia.

The opening of the Economic and Propaganda war can precede the Armed War. I myself will determine the date.

Z (initialed at
end by Zeitzler)

For paragraphs 4), 5), and 6). see under ITEM 11

ITEM 6

Questions on "Gruen"

- 1). Peace-time strength of divisions prepared for march readiness.
- 2). Strength of mobile divisions.
- 3). Composition of 2nd Armored Division in the case of mobilization.
- 4). Strength, possibilities and composition of a motorized unit (motorized divisions) to be used for independent thrust.
- 5). When can the field units be equipped with 15 cm. mortars?
- 6). What calibres and how large a number of artillery pieces are available for combating fortifications such as fortresses?

ITB :

L. Ia

Berlin, 23 May
MOST SECRET

Questionnaire of 23 May

1). Peace-time strength of divisions prepared for march readiness.

Strength of a peacetime division : 14,000 men
Strength of a division made ready to march: 14,000 men
(but composition is different from that of a peacetime division, i.e. some men are left out and others included).

2). Strength of mobile divisions.

Strength of a mobile division : 17,000 men

C 3). Composition of the 2nd Armored Division in the case of mobilization.

In the case of mobilization the 2nd Armored Division is composed of 1 rifle brigade, one tank brigade and divisional troops.

The rifle brigade has one infantry regiment motorized of 2 battalions and one motorcycle rifle battalion.

The tank brigade has two tank battalions of 2 battalions.

The Divisional Troops will include 1 Artillery Regiment motorized of 2 light Battalions, 1 Reconnaissance Battalion motorized, 1 Anti-Tank Battalion, 1 Engineer Battalion motorized, and 1 Signal Battalion motorized.

Altogether the 2nd Armored Division (mobile) has 207 light machine guns, 250 heavy machine guns, 16 light mortars, 12 heavy mortars, 6 light Infantry howitzers, 48 Anti-Tank guns, 122 2 cm. guns, 16 37 cm. guns, 16 7.5 cm. guns and 24 light field howitzers.

4). Strength, possibilities and composition of a motorized unit (motorized divisions) for independent thrust.

In the case of mobilization, C-in-C Army is in command of the motorized units. C-in-C Army must therefore be questioned as regards any new employment.

Altogether the 1st, 2nd and 3rd Armored Divisions (rapid march readiness is intended) & motorized divisions and the light division (for the moment not yet intended for rapid march readiness; presumably from 1 October).

5). When can the field units be equipped with 15 cm. mortars?

Mobilization of the infantry guns (& 15 cm. mortars) planned only for the fall, as ammunition for them will only then be available. For training purposes nearly all corps except the 3 corps have two heavy infantry guns at the moment without live ammunition, however.

6). What calibres and how large a number of artillery pieces are available for combatting fortifications such as fortresses?

Only 21 cm. howitzers. Altogether 23 (of which 8 are in East Prussia.)

TRANSLATION OF DOCUMENT 388-PS
(cont'd.)

with 16,000 rounds (of which 4,000 in East Prussia).

(In Schmundt writing): In general, single experimental
artillery piece (guns).

Z (initialled by Zeitzler)

On next page the questions are put again plus, the
following additional questions):

- 7). What do the individual types of Czechoslovakian
permanent frontier fortifications look like? Profile?
- 8) Is cooperation between infantry and bombers assured for
attacks against enemy strongpoints etc.?
- 9). Can the construction of fortifications in the west,
in the form of MG strong points and road blocks,
be hastened by the employment of work columns of the
Inspector of Road Construction?
- 10). What progress has been made in the howitzer (Mörser)
programme?
What progress has been made in the conversion of
heavy naval guns?

* * *

(Next three pages contain the first 6 questions above and
answers to them in a teletype message, beginning: "I am
answering several questions which the Fuehrer put to me
during conferences. I request that you report the answers
to the Fuehrer.")

ITEM 6

1). INFORM GENERAL KEITEL: THE FUERRER IS GOING INTO "GRUEN" IN DETAIL. BASIC IDEAS NOT CHANGED. SURPRISE-ELEMENT TO BE EMPHASIZED MORE. CONFERENCE WITH PARTICIPANTS WILL TAKE PLACE AFTER RETURN, AT THE LATEST. CONFERENCE HERE NOT OUT OF THE QUESTION. RETURN PROBABLY BEGINNING NEXT WEEK.

2). INFORM COLONEL GENERAL VON BRUCHITSCH AND GENERAL KEITEL:

- a). THE FUERRER, IN CONNECTION WITH HIS CONSIDERATIONS ON 1), HIMSELF SUGGESTED THE HOLDING OF MANEUVERS TO PRACTISE TAKING FORTIFICATIONS BY SURPRISE ATTACK. I THEN REPORTED THAT C-IN-C ARMY WAS PLANNING A CORRESPONDING TRAINING EXERCISE FOR SEPTEMBER. THE FUERRER THINKS THAT MOMENT TOO LATE. HE HIMSELF WILL DISCUSS THIS WITH C-IN-C ARMY.
- b). THE FUERRER EMPHASIZED THE NECESSITY OF PRESSING FORWARD GREATLY THE FORTIFICATION WORK IN THE WEST

(NOTE FOR K EPT V PUTNAMER: PLEASE DESTROY TEXT OF
1). AND 2). AFTER USE)

ITEM 9

REICH WAR MINISTRY/ HVLII SIGNAL SERVICE

MOST SECRET

CLARIS REPORTS ON EVENTS OF THE NIGHT: NO SPECIAL OCCURRENCES. THE MOBILIZATION MEASURES ORDERED IN CZECHOSLOVAKIA CONTINUE. THE FOLLOWING HAVE BEEN DRAFTED: CLASSES 1913 AND 1914 COMPLETE AND SPECIALISTS ONLY FROM CLASSES 1894 TO 1911 LEAVING OUT CLASSES 04, 06, 09. I SHALL KEEP YOU FURTHER CONTINUALLY INFORMED. I CONSIDER IT NECESSARY THAT THE FUHRER INFORMS HIS C'S-IN-C OF HIS INTENTIONS SOON. HAVE YOU ANY FURTHER QUESTIONS?

TRANSLATION OF DOCUMENT 288-PS
(cont'd)

ITEM 10

ILLEGIBLE

20

TRANSLATION OF DOCUMENT 388-PS
(cont.)

ITEM 31

Supreme Commander of the Armed Forces
OKW No. 42/38 Most Secret S.O. Only 1.1

Berlin, 30 May 1938
Copy of the 4th Copy

S.O. Only
Access only through Officer

3 Copies
1st Copy

Written by an Officer

By order of the Supreme Commander of the Armed Forces, Part 2, Section II
of the Directive on the unified preparations for war of the Armed Forces
dated 24 June 1937 (Ob.d.W. No. 55/37 g.kdos Chefache L Ia) ("Two-Front-
War with main effort in the South-East - strategic concentration 'Gruen'")
is to be replaced by the attached version. Its execution must be assured
as from 1 October 38 at the latest.

Alterations in the other parts of the Directive must be expected during
the next few weeks.

by order

Chief of the Supreme Command
of the Armed Forces

sgt. Keitel

1 Appendix

| | |
|------------------|------------|
| To: C-in-C Army | Copy 1 |
| C-in-C Navy | Copy 2 |
| C-in-C Air Force | Copy 3 |
| OKW Section I | Copy 4 - 5 |

Certified a true copy

Zeitler

Oberstleutnant on the General Staff

ITEM 11

MOST SECRET

Appendix to: Supreme Commander of the Armed Forces
OKW No. 42/3B Most Secret S. G. Only I. I.
Date: 30.5.38.

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Written by an Officer

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Access only through Officer

II. Two-front war with main effort in the South East
(strategic concentration "Grues")

1). Political Prerequisites.

It is my unalterable decision to attack Czechoslovakia by military action in the near future. It is the job of the political leaders to await or bring about the politically and militarily suitable moment.

of
An inevitable development/ conditions inside Czechoslovakia or other political events in Europe creating a surprisingly favorable opportunity and one which may never come again/ ^{again} ~~use~~ is to take early action.

The proper choice and determined and full utilization of a favorable moment is the surest guarantee of success. Accordingly the preparations are to be made at once.

2). Political Possibilities for the Commencement of the Action.

The following are necessary prerequisites for the intended invasion:

- a). suitable obvious cause and, with it
- b). sufficient political justification,
- c). action unexpected by the enemy, which will find him prepared to the least possible degree.

From a military as well as a political standpoint the most favorable course is a lightning-swift action as the result of an incident through which Germany is provoked in an unbearable way for which at least part of world opinion will grant the moral justification of military action.

But even a period of tension, more or less preceding a war, must terminate in sudden action on our part - which must have the elements of surprise as regards time and extent - before the enemy is so advanced in military preparedness that he cannot be surprised.

3). Conclusions for the Preparation of "Fall Grues".

- a). For the Armed War it is essential that the surprise element as the most important factor contributing to success be made full use of by appropriate preparatory measures, already in peacetime and by an unexpectedly rapid course of the action. Thus it is essential to create a situation within the first four days which plainly demonstrates, to hostile nations eager to intervene, the hopelessness of the Czechoslovakian military situation and which at the same time will give nations with territorial claims on Czechoslovakia an incentive to intervene immediately against Czechoslovakia. In such a case, intervention by Poland

ITEM 11

and Hungary against Czechoslovakia may be expected, especially if France - due to the obvious pro-German attitude of Italy - fears, or at least hesitates, to unleash a European war by intervening against Germany. Attempts by Russia to give military support to Czechoslovakia mainly by the Air Force are to be expected. If concrete successes are not achieved by the land operations within the first few days, a European crisis will certainly result. This knowledge must give commanders of all ranks the impetus to decided and bold action.

- b). The Propaganda War must on the one hand intimidate Czechoslovakia by threats and soften her power of resistance, on the other hand issue directions to national groups for support in the Armed War and influence the neutrals into our way of thinking. I reserve further directions and determination of the date.

4). Tasks of the Armed Forces.

Armed Forces Preparations are to be made on the following basis:

- a). The mass of all forces must be employed against Czechoslovakia.
- b). For the West, a minimum of forces are to be provided as rear cover which may be required, the other frontiers in the East against Poland and Lithuania are merely to be protected, the Southern frontiers to be watched.
- c). The sections of the army which can be rapidly employed must force the frontier fortifications with speed and decision and must break into Czechoslovakia with the greatest daring in with the certainty that the bulk of the mobile army will follow them with the utmost speed. Preparations for this are to be made and timed in such a way that the sections of the army which can be rapidly employed cross the frontier at the appointed time at the same time as the penetration by the Air Force before the enemy can become aware of our mobilization.*

For this, a timetable between army and Air Force is to be worked out in conjunction with OKW and submitted to me for approval.

5). Missions for the branches of the Armed Forces

- a). Army: The basic principle of the surprise attack against Czechoslovakia must not be endangered by the inevitable time required for transporting the bulk of the field forces by rail nor the initiative of the Air Force be wasted. Therefore it is first of all essential to the army that as many assault columns as possible be employed at the same time as the surprise attack by the Air Force. These assault columns - the composition of each, according to their tasks at that time - must be formed with troops which can be employed rapidly wing to their proximity to the frontier or to motorization and to special measures of readiness. It must be the purpose of these thrusts to break into the Czechoslovakian fortification lines at numerous points and in a strategically favorable direction, to achieve a breakthrough or to break them down from the rear. For the success of this operation, cooperation with the Sudeten German frontier population, with deserters from the Czechoslovakian army, with pacifists or

(* - * passages between asterisks occur only in this version not in Item 5)

ITEM 11 (cont.)

is of decisive importance that all actions, which might influence the political attitude of the European Great Powers unfavorably, be avoided.

6). Tasks of the War Economy:

In war economy it is essential that in the field of the armament industry a maximum-deployment of forces is made possible through increased supplies. In the course of operations, it is of value to contribute to the reinforcement of the total war-economic strength by rapidly reconnoitering and restarting important factories. For this reason the sparing of Czechoslovakian industrial and works installations - insofar as military operations permit - can be of decisive importance to us.

- 7). *All preparations for sabotage and subversion will be made by OKW. They will be made, in agreement with and according to the requirements of the branches of the Armed Forces, so that their effects accord with the operations of the Army and Air Force.*

signed ADOLF HITLER

Certified copy

signed Zeitzler

Headquarters on the General Staff

(* - * Passages between asterisks represent additions to the version in
REF 5)

ITEM 12

L I a H

Berlin, 9 June 1938.

SHORT SURVEY OF ARMAMENT OF THE CZECH ARMY

1. SMALL ARMS

armed uniformly with Mauser Rifle, model 24, calibre 7.92 mm (similar to German Rifle 98). Also grenade launcher for rifle grenades is attached to the rifle.

2. MACHINE GUNS

Light MG Z.B. 26, weight 9 kg, 20 round magazine.

Heavy MG, temporarily the 12 "Schwarzlose" which has been improved in range. Super-heavy MG, 20 mm MG, Vickers system has been introduced (especially for active air defence), other models are being tested.

3. MORTARS

8.1cm Stokes-Senzel, range 3000 m.

9cm light Grad mortar, model 17, range 1200 m.

14cm medium mortar, model 18, range 2500 m.

26cm heavy mortar, model 17, range 2700 m.

4. INFANTRY GUNS FOR ANTI-AIRCRAFT AND ANTI-TANK DEFENSE

several models are being tested, some of them twin barrel guns. Calibre 37 - 40 mm and/or 66 - 70 mm.

5. ARTILLERY PIECES

a. Light and Mountain Artillery:

6cm field gun, model 17, range 10 km

6cm field gun, model 30, range 13.5 km (can also be used as an AA gun)

10cm light field howitzer, model 14/19, range 10 km.

7.5 Mountain gun, model 15, range 7 km.

10cm Mountain howitzer, model 16/19, range 10 km.

b. Heavy Artillery:

10.5cm gun, model 35, range 18 km.

15cm howitzer, model 14/16, range 8 km.

ITEM 12

15cm howitzer, model 35, range 12 km.

15cm gun, model 15/16, range 20 km.

24cm gun, model 16, range 36 km.

21cm howitzer (Morser) gun, model 18, range 10 km.

30.5cm howitzer (Morser) gun, model 16, range 12.4 km.

Also in use are French 15.5cm howitzers.

c. A A Artillery

9cm AA-gun, model 12/20 (stationary), range 12 km.

8.35 cm AA-gun, model 22/24 horizontal range 18 km, vertical
range 12 km.

7.65cm AA-gun, model 35, horizontal range 16 km, vertical
range 11 km.

6.8cm AA-gun, model is being tested.

X (Initialed by Zeitzler)

TRANSLATION OF DOCUMENT 388-PS
(Cont'd.)

ITEM 13

L I a

Berlin, 9 June 1938

MOST SECRET

FUCHSER'S QUESTIONS ON 9 JUNE 1938

ITEM 13

Berlin, 9 June 1938

TOP SECRET

2 copies

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Question 1: Armament of the Czech Army?

Answer:

Arming and equipping of the Army with new means of war is progressing, thanks to the excellent production capacity of the Czech armament industry.

The armament was built up from the weapons of the old Austrian Army. It is slowly and steadily being modernized.

In Detail:

Artillery: Light field artillery. At present the old armament from the Austrian Army predominates.

Mountain Artillery: the same.

Medium artillery. New armament predominates.

Heavy artillery. old armament predominates.

Infantry weapons: The following are available:

a uniform new infantry rifle; a uniform new light MG;

a uniform old improved heavy MG.

Equipment of heavy infantry weapons (AT-guns, Infantry Howitzers, mortars) and tanks is modern, but still incomplete.

A new modern AT-gun has been introduced, but is not yet available in sufficient numbers.

Reserves of weapons and ammunition seem to be guaranteed.

SUMMARY: The Czech Army must be considered up to date as far as armament and equipment are concerned.

4 (Initialed by Leitzler)

ITEM 13-

L I a

Berlin 9 June 1938

MOST SECRET

2 copies
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Question 2: How many battalions, etc. are employed in the West for the construction of emplacements?

Answer:

Up to now the following have been employed on fortifications:

The 36th Infantry Battalion

The 10th Infantry Howitzer Company

The 12th Anti-Tank Company

The 10th Battery

The 30th 1/3 Engineer Battalions

In addition:

The 78th German Labor Service Battalion, and later
the 190th German Labour Corps battalion.

In addition, the Commander of Army Group 2 (General Adam) has the authority to draw still further troops from his 4th Corps for the construction of emplacements if he deems it necessary.

Z (Initialed by Zeitzler)

(Pencilled notes by Schmundt):

Number of troops

Production possibilities

TRANSLATION OF DOCUMENT 389-PS
(Cont'd.)

ITEM 13

L I a

Berlin, 9 June 1938

MOST SECRET

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Question 3: Are the fortifications of Czecho Slovakia still occupied in unreduced strength?

Answer:

The troops have been withdrawn to some extent from the fortifications and are housed in local billets.

The fortifications themselves are guarded.

The barriers at the frontiers are opened.

3 (Initialed by Zeitsler)

ITEM 13

L I a

Berlin, 9 June 1938

MOST SECRET

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Question 4: Frontier protection in the West?

Answer: In the West as at the other frontiers, the first frontier protection is undertaken by the VGAD, then the Frontier Guard. This protection by the Frontier Guard is directly at the frontier. At the same time as the Frontier Guard at the frontier, the fortification installations, which lie farther back, receive security garrisons (reserve personnel).

Strength of the Frontier Guard on the Western Frontier:

15,200 men with 1,250 light MG's.

For further details on the frontier guard see appendix.

Z (Initialed by Zeitzler)

ITEM 14

L I a

Berlin, 18 June 1938

S. O. Only

Access only through Officer

1. DRAFT FOR THE NEW DIRECTIVE
(1st copy)

In three parts.

ITEM 14

MOST SECRET

4 copies
1st copy

Written by an officer.

S. O. Only

Access only through Officer

Part 1

GENERAL GUIDING PRINCIPLES

1. There is no danger of a preventive war by foreign states against Germany.

Germany has not committed herself to any military alliance which would automatically force Germany into a warlike conflict of foreign powers.

The immediate aim is a solution of the Czech problem by my own, free decision; this stands in the foreground of my political intentions. I am determined to use to the full every favorable political opportunity to realize this aim.

Thereby, friends, interested parties and enemies can be called upon to take part in this scheme and other powers can remain indifferent even though they could not be decisively placed with absolute certainty in one of those categories.

However, I will decide to take action against Czechoslovakia only if I am firmly convinced as in the case of the occupation of the demilitarized zone and the entry into Austria that France will not march and therefore England will not intervene.

2. The preparations of the armed forces must cover:

- a) thorough preparation of the action against Czechoslovakia ("Fall Grün"). See Part 2.
- b) Maintenance of the previous "Fall Rot" (strategic concentration with the main effort against the West.) See Part 2.
- c) Special preparations, mainly in the form of studies and deliberations within the Supreme Commands. See part 3.
- d) Preparatory measures, in case German territory is suddenly and abruptly violated with hostile intent by a foreign power. See number 3.

ITEM 14

3. If in the midst of peace, German territory is suddenly and abruptly violated with hostile intent by a foreign power, armed resistance will be offered without any special order.

Therefore, the branches of the armed forces must empower their competent Commanders on the frontier or on the coast to take on their own authority, all measures necessary to repulse the enemy attack should such a case occur. (See Reich Defense Law (1935) para. 2).

In no event, however, may the German Reich frontier be crossed by troops or aircraft, nor any foreign territory violated, without order.

It will not be considered a violation of German territory (see last sentence of this number) if simple sea-raid or patrol crosses the frontier unintentionally and accidentally or through the overcautiousness of a subordinate commander, or if it is made by over the frontier due to faulty navigation, or warships sail in on German territorial waters with obviously no hostile intentions.

4. This directive concerns the uniform aggression for war and the general strategic considerations applying to the purpose of the war. It will be augmented as necessitated by the various strategic concentrations by regulations dealing with matters of Special Administration and War Economy.

The directives necessary for the prosecution of the war itself will be issued by me from time to time.

F (Initiated by Keitel)

L (Initiated by Zeitzler)

ITEM 14

Written by an officer

MOST SECRET

4 copies
1st copy

S. O. only

Access only through officer

Part 2

STRATEGIC CONCENTRATIONS

1. Action against Czecho-Slovakia ("Fall Gruen")

The directive, issued as OKW Nr. 43/38 Most Secret S.O. only L I dated 30 May 1938, remains in force. Regulations dealing with special matters, Administration and War Economy relative to "Fall Gruen" are still to be issued.

2. Two Front War with the main effort in the West ("Fall Rot")

Since even a war against us started by the Western Nations must, in view of the situation today, begin with the destruction of Czecho-Slovakia, the preparation of strategic concentration for a war with the main effort by the Army and Air Force against the West, is no longer of primary importance.

The preparations made to date for the event ("Rot"), however, remain in effect. They contribute, as far as the Army is concerned, towards camouflaging and screening the other strategic concentration and serve, in the case of the Luftwaffe, as a preparation for the shifting of the main effort from the East to the West, which may, under certain circumstances, suddenly become necessary. They also serve as preliminary work for future possibilities of war in the West.

It is left to C in C Army to decide how far the Army strategic concentration "Rot", prepared by OKW for the beginning of the new mobilization year 38/39, will be issued to subordinates.

The tasks which arise for the Navy in "Fall Rot" will be the same as those should "Fall Gruen" be extended to include the western European nations. The naval preparations are therefore to be continued with the previous objective.

J
K (Initialed by Keitel and
Jodl)

ITEM 14

Written by an officer

2. DRAFT

MOST SECRET

Berlin, 7 July 38

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Part 3

CONSIDERATIONS

I. In connection with "Gruen".

How the political situation will develop during the execution or after the conclusion of "Gruen" cannot be predicted. Therefore the Armed Forces will confine themselves to the preparation of the measures given in Part I, Number 3, to "Fall Gruen" and "Fall Rot". However, it seems expedient to make at least theoretical considerations and calculations for several possible eventualities, to avoid being mentally unprepared. These considerations would have to cover:

- a) What would have to be done if other nations intervened against us during the execution of "Gruen" - contrary to our expectations.
- b) What should be done after the conclusion of "Gruen".

To a)

If, during the execution of "Gruen", France intervenes against us, the measures provided in "Fall Gruen" come into force. The primary essential in this connection is to hold the Western fortifications, until the execution of the action "Gruen" permits forces to be freed. Should France be supported by England, in this it will have small effect at first on the land-war. It is the duty of the Air Force, the Navy, and the OKW (War Economy Staff, Defense, Armed Forces Communications), however, to carry out farsighted deliberations in their sphere.

Among the Eastern powers, Russia is the most likely to intervene. This, in the beginning at any rate, will probably consist of reinforcement of the Czech Air Force and Armament. However, the decision must not be neglected concerning what measures are to be taken if Russia were to come to the point of starting a Naval and Air war against us or even wish to penetrate into East Prussia, through the border states.

In the case of a penetration by Poland, we must hold the Eastern fortifications and East Prussia, using the Frontier Guard and other formations, until the conclusion of the action "Gruen" once more gives us freedom of movement.

- To b) If the action "Gruen" takes place still during this Mobilization year, we must be in the position after the conclusion of "Gruen" to put a provisional strategic concentration quickly into force.

In connection with the latter, further to what was said in part 1, number 3, it is primary importance to safeguard the German frontiers, including the new addition by the Armed Force, and still have the bulk of the Field Forces and the Air Force at our disposal. It would have to be possible to put such a future strategic concentration, "Frontier Protection," into force separately for the various frontiers.

II. Independent of "Fall Gruen"

Germany will not refrain from occupying the Memel-territory by a lightning blow in the case of a Polish-Lithuanian conflict occurring. The deliberations on this eventuality must cancel the directive issued 16 March 1938 (OKW Nr 472/38 g. Kdos I Ia).

III. General

The branches of the Armed Forces are still allowed to deliberate further on the matter contained in Section I) and II). These however, may be carried out only as theoretical studies within the Supreme Command without the participation of subordinate authorities.

Z

K (Initialed by Keitel and
Zeitzler)

TRANSLATION OF DOCUMENT 388-78
(cont'd)

ITEM 16

Supreme Command of the Armed Forces
No. 1233/38 Most Secret L Ia

Berlin, 22 July 1938

MOST SECRET

2 Copies
1st Copy

To:

Major Schmitt or deputy

I enclose a conference report. Your attention is
requested. (e.g. the remark of Chief (KW)).

Chief of the Supreme Command
of the Armed Forces

by order

signed Zeitzler

Submitted to the Fuehrer on 1.8.

Sohn (pencil note by Schmitt)

Stamp:

Adjutants' Office of the
Armed Forces to the Fuehrer
and Reich Chancellor
Recd. 267 July 1938 App. 1
No. 32/38 Most Secret

ITEM 18 pencil note: Maj. Schmidt
1 copy 3rd
report to
Fuehrer

1 Ia
to I No. 1235/38 Most Secret

Berlin, 12 July 1938

2 Copies
1st Copy

Conference Notes

K (initialled
by Keitel)

MOST SECRET

OKH issues new manoeuvre intentions for 1938. Reason for alteration: development of the Western fortifications and spreading of the foot-and-mouth-disease.

Details:

1). Of the previously intended training manoeuvres, the following remain:

Fall exercise for the I Army Corps
Training exercise for the XI Army Corps
Fortress warfare exercise for the 1st Army Group Command

2). New training manoeuvres:

- a). Fighting for fortifications
- b). Coordination with the Air Force
- c). Cooperation between ground attack, airplanes and field units commencing 1 August in the exercise area
- d). Mobilization exercises for the Staffs
- e). Supply and communications control
- f). Chemical defense and cleansing of contaminated areas

3). Armored Manoeuvres for armored divisions:

1st Armored Division up to 24 October at GULFENDAFF, Corps Hq. of the XVI Army Corps will also be there

2nd Armored Division remains in Austria

3rd Armored Division up to 24 September in KOENIGSBRUNN, from 25 September near BRUNNEN West of the ODER

4). Training Manoeuvres for motorized divisions ready to march:
exercise

2nd motorized Division in/area A, from 28 September, in NEUHAMMER

29th motorized Division in exercise area B

20th motorized Division in exercise area C

13th motorized Division in exercise area D

1st light Division in exercise area E

ITEM 16 (cont'd)

Commencement of the exercises not before 12 September, the end
24 November.

5). Terrain exercises for units ready to march:

These take place in the following Wehrkreise:

II, III, IV, V, VI, VII, VIII, IX, X, XI, XIII, XVII,

commencement of Terrain exercises: 20 September

6). Training manoeuvres for the mountain divisions composed as on
mobilization:

2nd Mountain Division in area STEYR - FICHL - WEDER

3rd Mountain Division in area SEMMERING - BRUCK

commencement of exercises: 24 September, end: 24 November

7). Training Manoeuvres for Training Divisions (Reserve Divisions):

a). 15 August to 13 September:

Training Division VII Army Corps (69th Division) Field units
Exercise area NEULMBERG,

Training Division IX Army Corps (82nd Division) Field units
Exercise area GROSSBOHRN,

Training Division III Army Corps (68th Division) Field units
Exercise area JUSTERSBOG.

b). 9 September to 24 November:

Training Division IV Army Corps (56th Division) Field units
Exercise area CHEFENHOF

Training Division VIII Army Corps (82nd Division) Field units
Exercise area SEENE

Training Division XIII Army Corps (73rd Division) Field units
Exercise area KATZBACH

Training Division XII Army Corps (79th Division) Field units
Exercise area WERN

From about 24 September these 4 divisions will train West
of the RHINE.

a). New dispositions:

a). Truck Regiment 307, 20 September to 24 October disposition by
III Army Corps.

b). Artillery:

5 battalions: 15 August to 3 September disposition and training.
11 battalions: 9 September to 24 October disposition and training.

Of these, beginning 24 September:

5 battalions, Reserve divisions West of the RHINE

6 battalions to Terrain exercises of troops "ready to march"

c). Engineer Battalions:

3 Engineer Battalions, 9 September to 24 October, disposition and
training.

41

ITEM 16 (cont'd)

of these 2 battalions, 20 September, to terrain training of troops "ready to march"
1 battalion, from 20 September to Reserve Division West of the Rhine.

d). Artillery Intelligence Regiments:

4 battalions and 2 Telephone communications companies (motorized)
9 September to 24 November.

Disposition and training; from 28 September, the battalions will be situated in the neighborhood of BRESLAU, GOLFENOEHR, NEUHAMMER, INGOEST.DT.

9). Employment of Engineer Battalions on the Western fortifications:

Employment of Engineer Battalions extended for no longer than 3 weeks, also 7 Engineer Battalions will be added.

10) Reich Party Rally and Harvest Festival:

Participation remains as intended.

11) Foreign Military Delegations:

The foreign Military Delegations as well as foreign military attaches will be invited to attend the fall exercises of the I Army Corps.

Z (initialled by
ZEITLER)

ITEM 17

Chief Section I

Written by General Staff Officer

MOST SECRET

S.O. Only

Berlin, 24 August 1938

access only through Officer

1 Copy

TIMING OF THE X-ORDER AND THE QUESTION OF ADVANCE MEASURES

The Luftwaffe's endeavor to take the enemy air forces by surprise at their peace-time airports justifiably leads them to oppose measures taken in advance of the X-order and to the demand that the X-order itself be given sufficiently late as X minus 1 to prevent the fact of Germany's mobilization becoming known to Czechoslovakia on that day.

The enemy's efforts are tending in the opposite direction. It intends to let OGH initiate all advance measures between X minus 3 and X minus 1, which will contribute to the smooth and rapid working of the mobilization. With this in mind OGH also demands that the X order be given not later than 1400 on X minus 1.

To this the following must be said:

Operation (aktion) Gruen will be set in motion by means of an "incident" in Czechoslovakia which will give Germany provocation for military intervention. The fixing of the exact time for this incident is of the utmost importance.

It must come at a time when weather conditions are favorable for our superior air forces to go into action and at an hour which will enable authentic news of it to reach us on the afternoon of X minus 1.

It can then be spontaneously answered by the giving of the X order at 1400 on X minus 1.

On X minus 2 the Navy, Army and Air Force will barely receive an advance warning.

If the Fuehrer intends to follow this plan of action, all further discussion is superfluous.

For then no advance measures may be taken before X minus 1 for which there is not an innocent explanation as we shall otherwise appear to have manufactured the incident. Orders for absolutely essential advance measures must be given in good time and camouflaged with the help of the numerous manoeuvres and exercises.

Also, the question raised by the Foreign Office as to whether all Germans should be called back in time from prospective enemy territories must in no way lead to the conspicuous departure from Czechoslovakia of any German subjects before the incident.

Even a warning of the diplomatic representatives in PRAGUE ^{is impossible} before the first air attack, although the consequences could be very grave in the event of their becoming victims of such an attack (e.g. death of representatives of friendly or confirmed neutral powers).

ITEM 18

CONFERENCE

on 3 September 28
at the BERGHOFF

Present: The Fuhrer
Generaloberst v. Brauchitsch
General of Artillery Keitel
Major Schmidt

I.

Gen. Ob. v. Brauchitsch

Reports on the exact time of the transfer of the troops to "exercise areas" for "Gruen". Field units to be transferred on 28 Sept. From here will then be ready for action. When X Day becomes known, field units carry out exercises in opposite directions.

Fuhrer

No objection. Troops assemble field units a 2-day march away. Carry out camouflage exercises everywhere.

?

OXE must know when X-day is by 1200 noon, 27 September.

II.

The Fuhrer

Expresses different opinion on employment of troops for "Gruen". Aspects for the 2nd Army (OS) are smallest. Strongest OS, fortifications there. Waste of troops thrust in the 10th Army area, however, is promising. Road-blocks prepared everywhere in addition also in 2nd Army area. No reason for hindrance. The Czechs will stop opposite 2nd Army and keep neutral anywhere west of PRAGUE. A thrust against it into the heart of OS, is to be made. Thrust in the 14th Army area will fail because of means of transport. Therefore assemble all mot. and para-divisions with 10th Army and employ in the thrust. Once we are through there, the south front, which is built up opposite our 12th Army in 3 defense lines, will collapse. An "ray" in the heart of SOEAL will bring about the decision. Possible repetition of VERDUN in case of 2nd Army. An attack there would mean bleeding to death for a task which cannot be accomplished.

v. Brauchitsch

No objections because of the state of the mot. divisions, supply and untrained leaders.

TRANSLATION OF DOCUMENT 388-PS

(Cont'd.)

ITEM 18

The Situation: The course now planned corresponds to Gz. expectations. Opposite the 10th Army the attack is not always in concrete emplacements. Possibility here of drawing in the Panzer troops (uniforms). The line here is very far back. Cooperation between 10th and 12th armies. We must add motorized units to army. Is formerly the "Prussian Cavalry." How else can we gather experience? Decisive is the coordination of equal speeds. Breakthrough in sector of 2nd Army not so rapid, so that a tactical success can be turned into a strategic one. The Führer gives orders for the development of the western fortifications; improvement of advance positions around LACHEN and ST. ROUSSEIN. Construction of 300 to 400 battery positions (1600 artillery pieces). No organized flanking action.

Continued.

BOHMERT, Major on the
General Staff

BERGHOF, 4 Sept. 1938

(in Schmidt's writing)

ITEM 19

S. O. Only

MOST SECRET

DISCUSSION

Nuremberg, 9 Sept to 10 Sept, 2200 to 0330.

Present. Fuhrer
General oberst v. Brauchitsch
General Halder
General Keitel
Major Schmundt
Hauptmann Engel
Hauptmann v. Bolow (?)

General Halder states reasons for operational plan "Gruen".
Mission: to prevent retreat of Gs. Army from Moravia - Bohemia area. To beat army. To bring about rapid decision. Mission can be accomplished by pincer attack in the direction of OLMUTZ and BRUNN to be undertaken by 2nd and 14th Armies. Difficult transport situation in Austria. Therefore main effort in 2nd Army area. Gs. frontier can only be lightly held. Withdrawal certain on part of Gs forces. Several defensive lines favorable by terrain will delay second thrusts and allow time to be gained for a Gs retreat, and to retain a rear position. This is to be avoided. The Bohemian Moravian heights which will confront the attacker in the last phase will favor probable Gs line of action. The pincer attack makes a "rear attack" from behind these heights possible. This operation will definitely succeed. Reserves at first mainly local. Further reserves near and south of Prague. Opponent won't have time to form further reserves. Opponent does not possess closed armored forces. They are distributed and consist of light units.

2nd Army. Weaknesses opposite its sector recognized. Installations only partly completed. Mostly lack arm cupolas. There are great gaps. Olmutz will be reached on the second day. OPA is no obstacle, can be crossed by tanks as well as Inf. No arm forces opposing. PRESIDENTIAL only 35 men garrison! So-called light motorized forces on right flank are no danger. Consist party of Mounted units and will be engaged by adjoining army. Were the attack, against expectations, to fail, then under no circumstances "bleed to death" before the position. Strategic concentration to be flexible. Rear sections will then be brought up to the points where success has been achieved. Gs fears the GLAZ mountain area. Only demonstrations to be staged in this area; there will be a tie up of Gs forces. To provide cover eastwards tanks will be valuable.

On the rest of the mountain front: 4th (97) Corps, and in the frontier sector demonstrations must be staged to tie up forces.

12th and 14th Armies will work together. Their columns must necessarily support one another during the thrust and cause the front to collapse. Bohemia only weakly occupied at frontier: 1 Division to 120 kms. Operation therefore promising. After the thrust in a northerly direction 12 Army forces east and "faces" for Brunn. The enemy will not be able to employ reserves according to plan.

Approach PILSEN RIEGEL which is strongly fortified. Bad roads. Must break through here and establish bridgeheads for following up forces. Forces of the next wave will be brought up by truck units. After the 3rd and 4th Mobilization day 6 further divisions will be brought up to the 2nd and 3rd line and can be employed where success is in the balance.

ITEM 19

The Führer: We should not plan the action on the operations as we desire them, but take into consideration the probable course of action pursued by the enemy. With regard to his course of action two factors are decisive: 1. At the time of our rearmament between 1934 and 1938 our opponent must have endeavored to secure himself against a tearing of the East-West Communication, in his case probably between Trappau and Nikolsburg. Against us this would imply the building of fortifications on the Upper Silesian frontier. In the South an agreement with Austria would achieve a defense north of the Danube, or an advance to the DAIJER to protect the Southern flank.

2. The latter is no longer possible. Therefore, as a result of the situation created in March 1938, it is all the more probable that they have increased their fortifications opposite our 2nd Army. The enemy must hold there - otherwise there is no sense in holding the remaining front. Hence here the best regiments and fortifications are to be expected. Holding of the front facing the 2nd Army will decide the "to be or not to be" of Cx. There is no doubt that the Planned pincer movement is the most desirable solution and should take place. But its success is nevertheless too uncertain for it to be depended on. Especially as a rapid success is necessary from a political point of view. The first 8 days are politically decisive, within that week a far-reaching territorial gain must be achieved. Our artillery (210mm Howitzers) not adequate against fortifications. Where an attack is expected the element of surprise is ruled out. Besides from experience difficult to refrain from an action that achieves only part-success. More and more units are thrown into breaks and bleeding-to-death which we wanted to avoid, sets in (VERDUN II) tanks are used up and are not available for the subsequent territory-gaining operation. The consequence is that motorized divisions have to advance without tanks. (*Tables Turned*)

Also the objectives of the motorized units are not too far-removed and can be gained without fighting, so that they could be equally well gained by infantry troops. The motorized divisions will not be able to influence a decision to any extent. It is the task of motorized forces to bridge areas free of the enemy. Where an attack opens up a large, free space the commitment of motorized forces is justified. Compare with the use of army cavalry at the beginning of the 1914 war. It is catastrophic for tanks to have to stop and wait for infantry. This contradicts all laws of logic. In the 14th Army sector fortifications can only have been begun since March. Hence, thrust toward BRUNN will be easier. 2nd Pz Div can therefore be left there. However, this division should operate with the 29th motorized division. Therefore the 29th must not arrive on the evening of the 2nd day. The 2nd Pz must constitute the advanced column of the 29th Div (Mot.) Are the road conditions suitable for the 29th? The 13th Division, which has no prospects of success as a Mot. division with the 12th Army, is to be transferred to the REICHELN Army together with 2nd Motorized Div. Thus 2 chances for victory will be created.

If pincer movement has no success, 10th Army will open way for 12th Army, bringing strong forces into the heart of the country. If both operations are successful, this means the end of Cx. In place of the two motorized divisions it is preferable to mobilize two further divisions which are to be brought up in trucks and buses. For the 10th Army the turn Northeast toward PRAGUE may become necessary.

General Oberst v. BRUCHITSCH: Employment of motorized divisions was based on the difficult rail situation in Austria and the difficulties in getting other divs. (ready to march) into the area at the right time. In the West vehicles will have to leave on the 20th of Sept., if X-day remains as planned. Workers leave on the 23rd, by relays. Specialist workers remain according to decision by army command 2.

ITEM 19.

The Fuhrer: Doesn't see why workers have to return home as early as X-11. Other workers and people are also on the way on mobilization day. Also the RR cars, they will stand around unnecessarily later on.

General Keitel: Workers are not under the jurisdiction of district commands (Bezirks Edos.) in the West. Trains must be assembled.

v. Brauchitsch: 235,000 men RAD (Labour Service) will be drafted. 96 Construction Bns will be distributed (also in the east). 40,000 trained laborers stay in the West.

Fuhrer: Trained men should be distributed among newly formed divisions on 2nd line.

BRAUCHITSCH: Will be investigated. Implies change of mobilization orders if war orders already in the hands of the people.

General Construction Inspector Dr. Todt (late brought into the conference): Delays in unloading of material through slow changeover in timetable of RRs only from 15 September. Transports must be in their appointed positions by X minus 11. Air zone to take 2nd place to the Infantry zone. Build battery positions.

Certified

/s/ SCHMIDT

Major on Gen. Staff

TRANSLATION OF DOCUMENT 386-18
(cont'd)

ITEM 20

Schm (initialled
by Schraudt)

Nuremberg, 10 September 1938

The Fuehrer and Supreme Commander
of the Armed Forces

Stamp
Office of the Armed Forces
Adjutant attached to the
Fuehrer Reich Chancellor
Received 19 September 1938

TOP SECRET

- 1). The whole RLD organization comes under the command of the Supreme Command of the Army effective 15 September.
- 2). The Chief of OKW decides on the First commitments of this organization in conjunction with the Reichs Labor Leader (Reichsarbeits-fuehrer) and on assignments from time to time to the Supreme Commands of the Navy, Army and Air Force. Where questions arise with regard to competency he will take a final decision in accordance with my instructions.
- 3). For the time being this order is to be made known only to the departments and personnel immediately concerned.

(signed) ADOLF HITLER

Supreme Command of the Armed Forces
No. 2038/38 Most Secret WFA/L IIc

T-9.9

Distribution:

C-in-C of the Army
Reich Minister for Air and C-in-C of the Air Force
C-in-C of the Navy
Reichminister of the Interior
for the attention of Ministerial Director Dr. Danneberg
Head of Reich Labor Service through Main Office (VOK)

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ITEM 21

Berlin, 14 September 1938

Supreme Command of the Armed Forces
No. 2044/38 Most Secret WFA/L IIc

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SUBJECT: Employment of Reich Labor Service for
Manoeuvres with Wehrmacht.

Stamp
Office of the Adjutant of
the Armed Forces attached
to the Fuehrer and Reichs
Chancellor
Received 19 Sept. 1938
Reg. No. 198/35
Despatched Sohn
Clerk (Initialed by
Schmidt)

- I. Effective 15 September the following units will be under command of the C-in-C of the Army
 - 1). The R.D. forces of the light road construction battalions.
 - 2). Those parent units of construction troops which are to be formed from personnel from 2 Gau Commands, 21 R.D. Group Commands, and 91 R.D. Battalions of Wehrkreis. Hqs VII, IX and XIII, and set up at Army Group B, 2 (Heeresgruppenkommando) for the purpose of carrying out exercises within the areas of Wehrkreis Hqs V and XII.
 - 3).
 - a). The staff of Labor Gau W (Arbeitsgaustab) and the section and group staffs of the R.D. employed on the construction of the Western fortifications and also R.D. Battalions with the exception of those branches of the R.D. attached to the Reich Minister for Air and the C-in-C of the Air Force (compare Section 5).
 - b). Labor Gaus XXI, XXIV, XXV, XXVI, XXVII, and XXXII come under the Supreme Command of the Army only in matters affecting the defence of the country. Those R.D. units from those Labor Gaus employed at the moment for purposes of the Country's Kultur etc. will retain these tasks for the time being. Labor Service for Girls (L.M.G.) is excepted from coming under the control of the Supreme Command of the Army.
 - c). It must be borne in mind, when allotting military tasks to those sections of the R.D. named in a). and b). above, that in accordance with appendix 7 to the Army Mobilization Plan for Deputy Gau Commands, Deputy Group Commands and Guard Units will remain with the R.D. if and when mobilization takes place.
 - 4). The C-in-C of the Army and Reichs Labor Leader are requested to discuss all details under 1 and 3 direct.
- II).
 - 5). Light road construction battalions are training-units of the Army. Their members are regarded as having been drafted into the Armed Forces for manoeuvre purposes and are soldiers.
 - 6). The members of remaining formations as per 2 and 3 who have been taken exclusively from the R.D. will remain R.D. leaders or men until mobilization.

But it is possible that they will have to be attached to the Army for administration or that the army must furnish money if difficulties are encountered in prompt payment of the men.

The C-in-C of the Army and the Reich Labor Leader are requested to settle details by direct agreement.

51

TRANSLATION OF DOCUMENT 388-13
(cont'd)

ITEM 21 (cont'd).

- 7). In case of mobilization the regulations laid down in Appendix 7 of the plan for the mobilization of the army come into effect automatically and apply also to those exercise formations for which there have up to now been restrictive regulations with regard to their coming fully under the command of the Army.
- III). 8). Those R/D staffs and battalions made over to the Luftwaffe, in the lines area will be under command of the Reich Minister for Air and the C-in-C of the Air Force beginning September 15. The same regulations apply in essence to them.

The Chief of the Supreme Command
of the Armed Forces

By Order

Signed Weitel

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TRANSLATION OF DOCUMENT 388 - PS
(cont'd.)

ITEM 22

MOST SECRET

Berlin, 16. September 1938

Supreme Command of the Armed Forces
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Access only through Officer

Subject: Preparations on part of Reichsbahn etc.

The Reichsbahn must provide trains of empty trucks in great numbers by September 28 for the carrying out of mobilization exercises. This task now takes precedence over all others.

Therefore the train-loads for the Limes-job will have to be cut down after September 17 and those goods loaded previous to this date unloaded by September 20.

The Supreme Command of the Army (5th Division of the Army General Staff) must issue further orders after consultation with the authorities concerned.

However, in accordance with the Fuehrer's directive, every effort should be made to continue to supply the materials in as large quantities as feasible even after 20th September 1938, and this for reasons of camouflage as well as in order to continue the important work on the Limes.

Reports should be submitted on what can be done in this direction.

Chief of the Supreme Command
of the Armed Forces
signed Keitel

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Major Schmidt

ITEM 24

Berlin, September 16, 1954

MOST SECRET

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Supreme Command of the Armed Forces
No. 3120/33 Most Secret UZ/1 IIIc

Stamm

Sohn

Office of the Armed Forces (initials)
Assistant attached to the (by command)
Historian and Reich Chancellor
Mar. 19th Sect. 1948,
Enclosures
Mar. 19th 1948
Captured
Clerk

Subject: Employment of the Reich
Secret Service (RSE)

- 1) The following RSE forces will
receive military training in
conformance with the instructions of the S. L. I. (S. L. I. 1948)

From the area of the Wehrmacht (Wehrmacht) (Wehrmacht)

| | |
|-------|----------------|
| 17321 | 1st Battalion |
| 17322 | 2nd Battalion |
| 17323 | 3rd Battalion |
| 17324 | 4th Battalion |
| 17325 | 5th Battalion |
| 17326 | 6th Battalion |
| 17327 | 7th Battalion |
| 17328 | 8th Battalion |
| 17329 | 9th Battalion |
| 17330 | 10th Battalion |

For the time being these battalions are still part of the RSE in
matters regarding personnel, administration, and discipline.

- 2) The Com-in-C of the Army and Reich Labor Leader are requested to refrain
all details by direct agreement.

For the Com-in-C of the Supreme
Command of the Armed Forces

By Order

Distribution:

7-21

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54

ITEM 25

(Handwritten note)

MOST SECRET

S. O. ONLY

LAST NIGHT CONFERENCE TOOK PLACE BETWEEN FUERER AND SERGEANT
KOECHLING. DURATION OF CONFERENCE 7 MINUTES. LT. COL KOECHLING
REMAINS DIRECTLY RESPONSIBLE TO OHR. HE WILL BE ASSIGNED TO KONRAD
HINLEIN IN AN ADVISORY CAPACITY. HE RECEIVED FAR-REACHING MILITARY
PLENARY POWERS FROM THE FUERER. THE SUBSTANTIAL GERMAN FREE CORPS REMAINS
RESPONSIBLE TO KONRAD HINLEIN ALONE. PURPOSE: PROTECTION OF THE
SUBSTANTIAL GERMANS AND MAINTENANCE OF DISTURBANCES AND GLASSES.
THE FREE CORPS WILL BE ESTABLISHED IN GERMANY. ARMAMENT ONLY WITH
AUSTRIAN WEAPONS. ACTIVITIES OF FREE CORPS TO BEGIN AS SOON AS
POSSIBLE.

(Pencil Note) 1045, 18 Sept 39

radioed to Capt.

Engel, Berlin.

ITEM 26

(Handwritten note) MOST SECRET

S. O. ONLY

(In ink)

18.9

38

1030

wb

GERMAN 2nd ARMY - COGEL - 7 Inf. Div's, 1 Armd Div, 1 Inf Div on trucks, 1 Light Div, of these the following arrive on 1st X day: Two-thirds of one Inf Div, 1 Armd Div, and 1 Inf Div on trucks.

On 2nd X Day: one-third of one Inf Div.

On 3rd X Day: 1 Inf Div

On 4th X Day: 1 Inf Div

On 5th X Day: 2 Inf Divs from 7th day on 1 Inf Div and one light Div.

8th Army: - FREIBURG - 4 Inf Divs. The following is the timetable for arrival:

On 2nd X Day: two-thirds of one Inf Div

On 3rd X Day: one-third of one Inf Div

On 4th and 5th X-Day: One Inf Div each day.

4th Army Corps - Herrenhut, 3 Inf Divs of which one will arrive on the 1st day, the other on the 3rd day.

10th Army:- SCHMADDERF - 3 Inf Div's, 1 Armd Div, 1 Light Div, 3 Mot Inf Divs. They will arrive as follows:

On 1st X Day: 1 Inf Div and 1 Armd Div, 1 Light Div, 2 Mot Inf Divs.

On 2nd X Day: 1 Inf Div., 1 Mot Inf Div.

On 4th X Day: 1 Inf Div.

12th Army:- PASSAU -

7 Inf Div's, 1 Mountain Div, 1 Inf Div on trucks, Regt. They arrive as follows:

On 1st X Day: 1 Inf Div, 1 Mountain Div.

On 2nd X-Day: 2 Inf Div, 1 Inf Div on trucks

On 4th X Day: 2 Inf Div's.

On 7th X Day: 1 Inf Div.

On 8th X Day: 1 Inf Div.

14th Army: - VIENNA -

1 Inf Div, 2 Mountain Div's, 1 Armd Div, 1 Light Div, 1 Mot Inf Div. N N Mot (?) They will arrive as follows:

On 1st X Day: one-third of one Inf Div, 1 Armd Div, 1 Mot. Div.

On 2nd X Day: 2/3 of one Inf Div, 1 Light Div.

On 3rd X Day: 2 Mountain Divs.

END

Reich War Ministry / Naval Communication Service

MOST SECRET

18.9

Renewed attention is called to strictest observance of secrecy regarding following message. Noted. Message begins -

(There follows a repetition of the above telegram in its exact form.)

Any questions?

ITEM 27

Army Appointments Held

| | |
|---------------------|--|
| Army Group Command: | C-in-C: Gen. of Inf Adam CofS : Gen. of Inf Wietersheim G-3 : Lt. Col. Müller |
| 1st Army HQ: | C-in-C: Gen. of Arty Beck CofS : Maj. Gen. v. Apell G-3 : Col. v. Greiffenberg |
| 2nd Army HQ: | C-in-C: Gen. v. Rundstedt CofS : Brig. Gen. v. Selvaath G-3 : Lt. Col. Haase |
| 3rd Army HQ: | C-in-C: Co. Arty v. Knechtler CofS : Brig. Gen. Hollidt G-3 : Lt. Col. Wagner |
| 4th Army HQ: | C-in-C: Gen. (for special duties) v. Hammerstein CofS : Maj. Gen. Viebahn G-3 : Lieut. Col. Metz |
| 5th Army HQ: | C-in-C: Gen. of Inf Liebmann CofS : Brig. Gen. v. Sodenstern G-3 : Col. Duvert |
| 7th Army HQ: | C-in-C: Gen. of Inf (for special duties) Baron Zentner v. Lotzen CofS : Brig. Gen. Modl G-3 : Col. v. Witzleben |
| 8th Army HQ: | C-in-C: Gen. v. Bock CofS : Brig. Gen. Falber G-3 : Col. Hanff |
| 10th Army HQ: | C-in-C: Gen. of Arty v. Reichensau CofS : Brig. Gen. Bernard G-3 : Col. Dostler |
| 12th Army HQ: | C-in-C: Gen. Ritter (for special duties) v. Leeb CofS : Maj. Gen. v. Lewinsky, known as v. Manstein G-3 : Lt. Col. Blumentritt |
| 14th Army HQ: | C-in-C: Gen. of Inf List CofS : Maj. Gen. Rauff G-3 : Col. Wohler |

TRANSLATION OF DOCUMENT 388-PS
(cont'd.)

ITEM 39

Chief, OEW

Berlin, 21 Sept 1938

If the Czech Government accepts terms:

- a. Cession of Sudeten German territory
- b. Plebiscite in Czech-German-territories.

The following military measures are to be considered:

1. The withdrawal by the Czechs from this territory of troops, police and Gendarmerie and other military units.
2. The immediate surrender of arms in these territories.
3. The immediate surrender of all fortifications in the areas with all arms and equipment.
4. The immediate evacuation of fortifications by the military outside these above territories.
5. The withdrawal of all military power behind a security line, which will include the fortifications under (4).
6. The right of the German Wehrmacht to use all public transportation and communications, especially the railroads, for military purposes.
7. The right to fly over the above territories and to maintain air security up to the security line.
8. The occupation of territories to be ceded including the adjoining railroad junctions, communications installations, towns, airfields, etc. inland beyond the last fortification line.
9. Pacification and security of the Plebiscite Areas by:
 - a. German Police (originally)
 - b. International Police (later for plebiscite)
10. Demobilization of the entire Czech armed forces in the remaining area of the country, discharge of all reserves, etc.
11. Immediate discharge of all Sudeten-Germans in the armed forces from the whole of Czechoslovakia to be sent home into Sudeten-Germany.
12. Closing down of entire armament industry until after the end of all negotiations.

ITEM 29

13. a. Prohibition of any new fortifications and field fortifications opposite the security line.
b. Destruction of all existing fortifications which are situated beyond the future German borders.
14. Demand further cession of territory on military grounds, namely the Proseburg bridgehead, the area northwest of Pilsen, the Eger sector west of the Elbe to Leun.
15. Security line must be 25 km from the territory being ceded to Germany or the territory being put to the vote. (See number 5).
16. Cessation, immediately, of all military Intelligence work against Germany. Violation will be considered breach of neutrality.
17. Immediate pardon and release of all Germans and Sudeten-Germans, convicted of espionage.
18. Transfer of all Czech Air Force personnel to their peace time garrisons and prohibiting of all military flying operations.
19. Prohibition of destruction or sabotage of any military installations, including ground installations of the Air Force, in the territories to be ceded.
20. The closing down and handing over to the German armed forces of all radio transmitters of a military, official or private nature in the areas to be ceded.
21. The handing over of all Railroad networks including rolling stock, undamaged.
22. The handing over of all Public Utilities (power houses, gas works, etc.) undamaged.
23. No materials of any kind to be transferred (such as raw materials, provisions, livestock, etc.)
24. Prohibition of import of war equipment of any kind.
25. Demobilization of Danube patrol and security vessels.

ITEM 30

Bayreuth 134

Pencil Note: Written by Schmidt: Not sent off. Sehn

HEADQUARTERS OF THE SUDETEN-GERMAN FREE CORPS

Herr Bannsch has dissolved the Sudeten-German Party and believes that he will thus be able to destroy the unity of the Sudeten-German radical group and to deal the death blow to the Sudeten-Germans. Konrad Henlein knew the answer to this. He issued a call on 17.9.38 for the formation of a Sudeten-German Free Corps. Within a few hours, thousands of Sudeten-Germans had already rallied to the colors all along the border. Thousands who were burning to fight for their tortured homeland were forced, to their great disappointment, to remain at their places of work, because it was impossible, in such a short period of time, to induct, equip and arm the masses of enthusiastic volunteers. For even in the first few hours after the appeal, (probably the first instance in the history of the Free Corps) shock troops of the Free Corps began, in extremely daring operations, to secure the escape of their countrymen who had been hounded out of their homeland by their torturers.

Since 19 Sept. - in more than 300 missions - the Free Corps has executed its task with an amazing spirit of attack and with a willingness often reaching a degree of unqualified self-sacrifice. The result of the first phase of its activities: more than 1500 prisoners, 26 MG's and a large amount of other weapons and equipment, aside from serious losses in dead and wounded suffered by the enemy.
(The Czech Terrorists)*

Thousands of members of the Sudeten-German Free Corps stand shoulder to shoulder on the frontiers of Germany. They are inspired by but one desire: The freedom of the homeland within Adolph Hitler's Greater Germany.

For Konrad Henlein

The Chief of Staff

*The superimposed corrections represent actual ink corrections on the original manuscript.

Adj to the Fuhrer

(Note in pencil)

28/7
Schm.

Item 31

Supreme Command of the Armed Forces

Berlin 27.9.1938

NOT SECRET

1940 hours.

HA/L No. 2305/38 Not Secret II

45 copies
16th copy

The Fuhrer has approved the mobilization without warning of the five regular west divisions (26th, 34th, 36th, 32, and 35th). The Fuhrer and Supreme Commander of the Armed Forces have expressly reserved the right to issue the order for employment in the fortification zone and the evacuation of this zone by workers of the TODT organization.

It is left to the OKW -- to assemble as far as possible first of all the sections ready to march and subsequently the remaining sections of the divisions in marching areas behind the western fortifications.

CHIEF OF THE SUPREME COMMAND
OF THE ARMED FORCES.

Signed, Keitel

Distribution: II.

G 000473

Stamp:
Office of the Armed Forces
Adjutant attached
To the Führer and
Reich Chancellor
Recd. 3 Oct 1938
R.g. No. 259/38 Most Secret

TRANSLATION OF DOCUMENT 388 PS
cont.

pencil note: adjutant to the
Führer

Item 32

Supreme Command of the Armed Forces
No. 2288/38 Most Secret WFA/L II

Berlin 27 Sept 1938

Subject: Mobilization Measures:

Most Secret

To : The Deputy Führer via Administrative Offices (J)
The Reichsführer SS and Chief of German Police - Express
attn: S.S. Oberführer. 47 copies
18th copy

As a result of the political situation the Führer and
Chancellor has ordered mobilization measures for the Armed Forces,
without the political situation being aggravated by issuing the
mobilization (X) order or corresponding code-words.

Within the framework of these mobilization measures it is
necessary for the Armed Forces authorities to issue demands to the
various Party authorities and their organisations, which are connec-
ted with the previous issuing of the mobilization order, the ad-
vanced measures or special code names.

The special situation makes it necessary that these de-
mands be met (even if the code word has not been previously issued)
immediately and without being referred to higher authorities.

OK requests that subordinate offices be given immediate
instructions to this effect so that the mobilization of the Armed
Forces can be carried out according to plan.

Following are several examples of cases where previous
mobilization measures were delayed and a recurrence of which might
seriously endanger the mobilization of the Armed Forces:

- 1) The SA in Wehrkreis XI refused to give up equipment
requisitioned by the Armed Forces in accordance with
mobilization regulations, because mobilization has
not yet taken place.
- 2) Billets which were prepared for troops under mobili-
zation regulations were not evacuated because mobili-
zation has not taken place. (USKK-School KREISCHWITZ -
SILESIA).
- 3) Police authorities refused to give up Police Radio
Stations for the A/C reporting network, although the
A/C reporting service had already been called up.

The Supreme Command of the Armed Forces further requests
that all measures not provided for in the plans which are undertaken
by Party Organisations or Police units as a result of the political
situation, be reported in every case and in plenty of time to the
Supreme Command of the Armed Forces. Only then can it be guaranteed
that these measures can be carried out in practice.

The Chief of the Supreme Command
of the Armed Forces.

Further:
Distribution II

28.9.38

Item 33

MOST SECRET

MEMORANDUM

At 1300 September 27 the Führer and Supreme Commander of the Armed Forces ordered the movement of the assault units from their exercise areas to their jumping-off points.

The assault units (about 21 reinforced regiments, or 7 divisions,) must be ready to begin the action against "Grün" on September 30, the decision having been made one day previously by 1200 noon.

This order was conveyed to General Keitel at 1320 through Major Schmidt.
(pencil note by Schmidt)

Stamp: Office of the Armed Forces Adjutant
Attached to the Fuhrer and Reich Chancellor

Initialed Schm.

Recd: 3 October 1938

Req. No.: 261/38 Most Secret

Item 34

Adj. to the Fuhrer

Berlin, 28 Sept 38

Supreme Command of the Armed Forces,
No. 2310/38 Most Secret I I a

45 copies
16th copy.

MOST SECRET

To define spheres of responsibility on the Cx-German frontier the following orders are issued:

Through mobilization of the frontier guard (Grenzschutz) responsibility has shifted entirely onto the army, that is onto the competent general staff corps. All the units operating on the frontier are subordinate to them.

No new units of police, customs or party may be shifted into the immediate frontier area without the knowledge of the army headquarters concerned, nor may units already in the area be reinforced without such knowledge. In addition no one may cross the frontier without the knowledge of the army headquarters.

For the Hanlein Free Corps and units subordinate to this the principle remains valid, that they receive instructions direct from the Fuhrer and that they carry out their operations only in conjunction with the competent general staff corps. The advance units of the Free Corps will have to report to the local commander of the frontier guard immediately before crossing the frontier.

Those units remaining forward of the frontier should -- in their own interests -- get into communication with the frontier guard as often as possible.

As soon as the army crosses the Cx border the Hanlein Free Corps will be subordinate to the OKH. Thus it will be expedient to assign a sector to the Free Corps even now which can be fitted into the scheme of army boundaries later.

The frontier guard has orders only to protect the German frontier, and not to take part in operations on the other side of the border. Any support to the Free Corps by the frontier guards anywhere over the frontier is prohibited.

Chief of the Supreme Command of the
Armed Forces

Kaibel

Distribution II

plus:
Reich Minister of the Interior
Reich Finance Minister
Deputy of the Fuhrer
S.A. Hq.
Reichsfuhrer SS
Reich Labour Service

Volunteer Corps Ranker (Oberst (Penning))

(The following 2 pages are to each duplicate: Copy 33

Stamp: Office of the Armed Forces Adjutant
Attached to the Fuhrer and Reich Chancellor

Recd: 3 October 1938 (pencil noted: Adjutant to the Fuhrer)

Req. No: 262/39 Most Secret

Item 35

Berlin, Sept 28, 1938

Supreme Command of the Armed Forces
No. 2315/38 Most Secret *FA/L II

MOST SECRET

Re: Advance Measures Pertaining to Mobilization Plan (Army) Special Appendix 5

Following advance measures may be carried out:
in the Franco-German border (WEHRKREIS V and XII)

1. Special Group Siegfried, Kz9148 -- preparation of organization for the reception of refugees.
2. Special Group Siegfried, Kz9145 -- Preparation of employment of district offices and staffs of collecting areas for the discharging of reservists.

Chief of the Supreme Command of the
Armed Forces

(Signed) Feitel

Distribution II

Stamp: Office of the Armed Forces Adjutant
Attached to the Fuhrer and Reich Chancellor

Date: 3 Oct. 1938

pencil note: Adjutant to the Fuhrer

Req. No: 260/38 Secret

Schm.

Item 36

Supreme Command of the Armed Forces.
No. 2335/38 Most Secret WPA/L II

Berlin, Sept 28, 1938

45 copies
16th copy

Subject: 4 SS-Totenkopf Battalions subordinate to the C in C Army.

To : Reichsfuhrer SS and Chief of the German Police.
(SS Central Office) (36 copies)

MOST SECRET

By order of the Supreme Command of the armed forces the following
Bn's of the SS Deaths Head organization will be under the command of the
C in C Army with immediate effect.

II and III Bn. of the 2nd SS-Totenkopf Regiment Brandenburg at
present in Brieg (Upper Silesia)

I and II Bn. of the 3rd SS-Totenkopf Regiment Thuringia at present
in Badobewl and Kotsenbroda near Dresden.

C in C Army is requested to deploy these Bn's for the West, (Upper
Rhine) according to the Fuhrer's instructions.

These SS-Totenkopf units now operating in the Ash promontory (I and
II Bn of Oberbayern Regiment) will come under the C in C Army only when they
return to German Reich territory, or when the Army crosses the German-Cz.
frontier.

It is requested that all further arrangements be made between C in
C Army and Reichsfuhrer-SS. (SS Central Office)

For the Chief of the Supreme Command
of the Armed Forces.

Jodl

Further:

Distribution II

L II b

Item 37

29.9.38.

MEMORANDUM

SA-General Herzog answers question of Adjutant's Office, Chief of Staff of the SA, 1600:

Reichsführer SS, on the 26th of Sept., issued order to Chief of Staff of Suedeten German Free Corps Ref. Diary 38/Most Secret according to which the Volunteer Corps would come under the command of the Reichsführer SS in case of German invasion of the Suedeten German territory.

The order was signed by Berger, SS-Colonel.

J. (initialled by Jodi)

IXZ 38

Stamp = as usual
Recd 3 Oct 1938
Req No. 263/38 MOST SECRET

Adjutant to the Führer

Supreme Command of the Armed Forces
No. 2385/38, Most Secret, L I a

Berlin 30.9.38
1600 hrs

120 Copies
16th copy

MOST SECRET

Subject: Supreme Commander of the Armed
Forces No. 2371/38 Most Secret,
OKW/WFA L I a dated 30.9.38

SPECIAL INSTRUCTIONS NUMBER 2 TO DIRECTIVE NO I.

1. Attachment of Henlein Free Corps:

The Supreme Commander of the Armed Forces has just ordered that the Henlein Free Corps in its present composition be placed under command of Reichsführer-SS and the Chief of German Police.

It is therefore at the immediate disposal of OKW as field unit for the invasion but is to be later drawn in like the rest of the police forces for police duties in agreement with the Reichsführer SS.

The instructions OKW No. 2310/38 Most Secret of the 28th Sept (last paragraph but one) and OKW No. 2371/38 Most Secret of Sept 30 are amended accordingly.

2. Rate of Exchange for the Cz.Krona:

The following rate of exchange will apply for all transactions and payments: 100 Cz.Kronen = 10.00 Marks (1 Cz.Krona = 10 Rpf)

THE CHIEF OF THE SUPREME COMMAND
OF THE ARMED FORCES

Distribution III
and Special Distribution
(including Henlein Volunteer
Corps and Reichsführer SS
through OKW/L II)

Koitol

ITEM 39

Stamp:
Recd 3 Oct 1938
Req No 265/38 Most Secret

Adj. to the Fuhrer

Berlin, 30 Sept 1938

The fuhrer and Supreme
Commander of the Armed Forces

OW No. 2367/38 Most Secret
WPa/L I A

Most Secret
50 copies
16th copy

DIRECTIVE #1

Subject: Occupation of territory separated from Czechoslovakia.

1. The sectors separated from Cx will be occupied by the Armed Forces as follows:

The sector marked I to be occupied on the 1st and 2nd of Oct, the sector marked II on Oct 3 and 3rd, the sector marked III on Oct. 3, 4 and 5, the sector marked IV on Oct. 6 and 7th. The remaining area up to Oct 10.

The extent of the area I-IV is shown on the attached map. The extent of the remaining areas will be announced later.

2. The Armed Forces will have the following tasks:

The present degree of mobilized preparedness is to be maintained completely, for the present also in the West. Order for the rescinding of measures taken is held over.

The entry is to be planned in such a way that it can easily be converted into operation "Grun".

The depth of the territories to be occupied daily depends on the details of the evacuation, which are being settled by the international committee.

- a. Army: First of all the following units are available for the invasion:
Training Bn's.
Motorized and Armoured Units
Adolf Hitler SS Bodyguard Regiment
I and II Bn's of SS Deaths Head Regiment (Oberbayern)
Sachsen Free Corps
All combat action on the part of the Volunteer Corps must cease as from 1st October.

b. Air Force:

Those ground installations (including supply and signal installations) situated in the separated areas are to be occupied immediately and prepared for the use of our own units. Flying units can be transferred if this becomes necessary for the air defense of the territory yielded or for the possible switch to "Fall Grun", in accordance with fig. 2. Flights over territory not yet cleared for occupation by German troops must be avoided at all costs. Flak must be assigned to those objectives which cannot be protected by Flak under the command of the Army.

TRANSLATION OF DOCUMENT 388-PS
(Cont'd)

ITEM 39

3. Those units of the Armed Forces intended for the occupation of sector I must cross the former Czech-German frontier by 1200 noon Oct 1st.

4. Armed resistance in the area cleared for occupation must be broken. Czech soldiers and other armed personnel found within the sector are to be disarmed and taken prisoner. The boundary of the sector against the Czechs is not to be crossed under any circumstances. Hostile action against the Czechs on or beyond this boundary is to be avoided.

5. The conduct of the field units must be based on the realization that they are occupying a territory whose population, after being harassed for years, looks upon the German Armed Forces as liberators.

6. The German frontier guard will remain on the former German-Czech frontier, as before.

7. The securing of the boundaries of the sectors against the area still in Czech hands is sole responsibility of the army.

For the Chief of the Supreme Command
of the Armed Forces

KATTEL

Distribution: III

ITG: ho

Stamp:
Recd 3 Oct 1938
Ref No 2371/38 Most Secret

Adj. to the Führer

Berlin, 30 Sept 1938

The Supreme Commander of the Armed Forces
Ref. No. 2371/38, Most Secret, FA/L I a

Most Secret

Special Orders No. 1 to Directive No. 1

Subject: Occupation of territory ceded by Cz.

1. Operational Area of the Army:

The area to be newly occupied will be at first an operational area of the Army. In it the Supreme Commander of the Armed Forces will have full powers and authority to delegate these powers to the Army Hqs of the armies.

The Commanders exercising these full powers may: (1) issue laws, institute special courts and issue directives to officers within the operational area with the exception of the highest rank positions, the higher offices of the State of Prussia, and the executive board of the NSDAP. This authority to issue regulations has priority over regulations issued by other Superior Authorities.

2. Units under Control of OKH:

a. The units of the Infantry 24 and 28 Detachment Regiment intended for the occupation of the new territory will be under OKH control.

b. The Sudeten German Volunteer Corps are to be created under the control of OKH. The units of the Volunteer Corps are to be created in the direction of their native territory wherever possible. They retain their present armament. Provisioning is to be guaranteed through the Army Hqs. Members of the Free Corps do not come under the military penal code. The Hqs of the Free Corps after occupation of territory III, is to be transferred from Bayreuth to Eger.

c. The Supreme Commander of the Armed Forces, in cooperation with Reichsführer SS and at the request of Army Hqs will direct Police Forces and Gestapo forces for the support of Secret Field Police forces in the occupied areas. As required for military police duties, the Special Police (SdP) will be drawn in as much as possible.

3. Taking over of Military Accommodation and RP Installations:

a. All military installations, barracks and property will be turned over in the occupied Sudeten German territories by OKH in so far as they were up to now the property of the Cz. Army. By OKH if they were property of the Cz. Air Force (including civil aviation.)

b. The Chief of Transport System will make arrangements with the Reich RP's regarding the taking over of rail installations.

4. Signal Communications:

a. The Army will be at liberty to use the postal communication facilities within the area to be occupied. Requirements of the Luftwaffe are to be assured through the Field Signal Units under the command of the OKH attached to the Army Hqs. Depending on the situation, the most important communication installations are to be put into operation as early as possible, secured and screened against the

ITEM 40

Special emphasis must be laid on the effective silencing and confiscation of all transmitting installations. Official, private and permanent radio installations of the Gz army are to be secured through OKH, those of the Gz Air Force through OKL.

5. Customs Frontier Guard

After the crossing of the Reich frontier by the troops, the securing of the old frontier is the responsibility of the Customs Frontier Guard (Zollgrenzschutz); the Supreme Commander of the Armed Forces will put the necessary personnel from the Frontier Guard at their disposal.

The customs regulation of the forward line of the area to be occupied, will be determined by the Supreme Commander of the Armed Forces in conjunction with the Inspector General of Customs. Liaison officials are still at the disposal of corps headquarters acc. to #16 of the regulations governing the W.D. Shipments to Wehrmacht offices as well as members of the Wehrmacht are not subject to customs regulations.

6. Application of Laws:

a. Compensation laws are to be employed on both sides of the border. Public buildings are to be used mainly for billets. Requisitioned articles do not become the property of the armed forces. Compensation for services rendered in cash (German currency)

b. Special regulations will be issued with regard to the introduction of the German Penal Code in the occupied areas.

7. Mobilization Measures among Civilian Populations:

Mobilization measures will not be taken among civilian personnel. But all authorities have been asked to carry out quickly demands made by armed force authorities.

The following measures are especially requested in order to guarantee the tasks of the armed forces.

a. Reichs Postal Ministry

Securing of direct tele-communications in the areas BRESLAU, DRESDEN, MUEZBURG, NUREMBERG, MUNICHEN, VIENNA, BERLIN. Establishing of Special Emergency networks. Furnishing of items to the armed forces to whatever degree they may be required. (Compare Mobilization Book (2) Section IX No. 3501, 3502, 3532). Fulfilling staff requirements as regards the restoring of signal networks in occupied areas.

b. Ministry of Propaganda:

Dispatch of commissioners to the chiefs of civil administration in the operational area. Prohibition of the publication of military news of any kind in the press (compare Mobilization Book (2) Part V No. 1768 and 1800)

8. Organizations of the Party:

The Fuehrer's Deputy has been asked to inform the party organizations that OEW must furnish permission if party units are to be brought into the Sudeten area.

9. Economic Directives:

Any confiscation of values or balances at credit institutions (Kredit instituten) in the Sudeten German area is prohibited. Requisitioning is also prohibited. Supplying of the armed forces with food, forage and fuel is to be carried out from the Reich. The following rate of exchange applies for all transactions and payments: 100 Cs. Krone = 9,00 RM (1 Cs. Kr = 9 Rpf) (the underlined crossed out!)

(pencil note: will be published this afternoon)

10. Payment of the armed forces

For the parts of the armed forces operating, pay as applicable in accordance with the peacetime regulations for large-scale maneuvers will go into effect after leaving garrisons or assembly areas. All additional costs arising through the operation are to be deleted under chapter VIII E 20 (OEW Treasury)

11. Administrative Directives:

The army hqs will administer the occupied areas on their own responsibility. The C D Z with their special staffs are at their disposal in an advisory capacity (compare H. Dv. 90. No. 20 etc.)

M4

Item 40

12. Supply Installations:

For the maintenance and putting into operation of supply installations the GSW Admin. Staff will attach the following to the Army/E.Q.'s

| Army H.Q. | Tech Hq | To | App Time of Arrival | |
|-----------|---------|---------------------|---------------------|------|
| 12 | 13 | LANDAU/ISAR | 10.1 | 2000 |
| 10 | 4 | PLAUEH | 10.2 | 2000 |
| 8 | 3 | GORLITZ | 10.1 | 2000 |
| 2 | 8 | LEMSDORF(S./OPPELN) | 10.5 | 2000 |

13. Propaganda Companies:

Propaganda companies are to be used. Amendments as regards attachment made necessary through the peaceful entry will be conveyed verbally.

Chief of the Supreme Command of the
Armed Forces

FEITEL

DISTRIBUTION: III
and Special Distribution.

TRANSLATION OF DOC. NO. 488 - PS
cont'd.

Stamp: Office of the Armed Forces
Adjutant attached to the
Führer and Reichs Chancellor

pencil note:
adjutant to the Führer

Recd: 3 Oct. 1938

Req.No: 255/38 Most Secret

Item 41

Berlin 30.9.38.

Supreme Command of the Armed Forces 200 copies
WEA/L No.2150/38 Most Secret IV a. 153rd copy

MOST SECRET

Subject: OCCUPATION OF SUDETEN-GERMAN TERRITORY

1. The Führer and Reichs Chancellor has ordered that Sections of the Armed Forces march into the Sudeten-German territory, beginning 1 October, 1938. There will be no general mobilization of the Armed Forces (OR case "X"). Units already mobilized, will, for the timebeing, remain at their present posts.
2. Coincident with the crossing of the Reich frontier, the Commander in Chief of the Army will assume full powers in the territory to be occupied together with authority to transfer this power to the C's in C of the Armies.

The Commander in Chief can, exercise those powers, and pass laws, install special courts, and give directives to the appropriate departments and offices functioning in the area of operations, valid for the operational area with the exception of the highest Reich authorities or officers of the State of Prussia and the Executive Board of the NSDAP. In all other cases, the right of issuing directives has priority over directives from higher superior authorities. The area of operations will be extended forward according to the area to be occupied. The shifting of the rear frontier of the operational area will be ordered separately.
3. Mobilization measures will not be enforced in the civil sphere. However, all authorities are requested to carry out immediately the demands of the armed force authorities. To guarantee completion of the tasks of the armed forces the following measures are especially desired:

Item 41

a. Reich Postal Ministry

Securing of direct tele-communications in the districts of the Communications Hqs, Breslau, Dresden, Wartburg, Kuerstberg, Muenchen, Vienna and Berlin.

Establishing of Special Communications networks. Furnishing of equipment to armed forces in whatever degree may be required (see Mob. Book (2) Part IX, Nr. 3501-C⁹-32).

Furthermore it is requested that staff requirements as regards restoring communication networks in the occupied area, be met.

b. Propaganda Ministry:

Dispatch of Commissioners to the Chiefs of Civil or the administration operational area. Prohibition of the publication of military news of any kind in the press. (C) See Mob Book (2) part V, 1758 & 1600

c. Reichsbank:

Issue of Mobilization money, etc. Issuance without fiduciary monetary tender is authorized. (General Mob Book (2) part XVIII, Nr. 8031)

4. Application of Laws:

a. There will be a special directive as to the introduction of the German Criminal Code into the occupied territory.

b. The Army Compensation Law (Wehrleistungsgesetz) will be in force on both sides of the frontier. Public buildings will be used as billets primarily. Requisitioned articles will not become property of the armed forces. Payment for services rendered will be made in cash (German currency)

5. Economic Directives:

Any confiscation of valuables or balances at Credit Institutions (Credit Instituten) is prohibited in the Sudeten-German area. Requisitioning is also prohibited. Supplies of food, forage and fuel for the armed forces will be drawn from the Reich. The following rate of exchange is effective for all transactions and payments:

100 Czech kronen - 10.00 RM (1 Czech krona -- 10 Pfg)

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Item 41

6. Payment of the Armed Forces:

For parts of the armed forces operating, pay as applicable in accordance with the peace-time regulations for large-scale maneuvers, effective from time of departure from areas or garrisons.

7. Customs Frontier Guard:

After the crossing of the Reich frontier by the troops, the security of the old frontier will be taken over by the customs-frontier guard at whose disposal the supreme commander of the armed forces will put the necessary personnel.

The supreme command of the armed forces will arrange the guarding of the front lines of the area to be occupied (as to collection of duties) with the Inspector General of Customs. The Liaison officials according to Nr. 15 of the regulations pertaining to the VGAD will continue to be at the disposal of the Corps Hqs.

Shipments to armed forces authorities as well as members of the armed forces are not subject to customs inspection.

8. Administrative Directives:

The armed Hqs will administer the occupied areas on their own responsibilities. The GdZ with their staff of experts are at their disposal in an advisory capacity (see H. Dv 90, Nr. 20 etc.). In all matters of a police nature, the Reichsfuehrer SS is to be consulted.

The Chief of the Supreme Command of the
Armed Forces

(signed) Keitel

Distribution: Overleaf

ITEM 41

DISTRIBUTION

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|--|--------------------|
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| Reichminister and Chief of the Reich Chancellery for the attention of Reichminister Dr. Lammers | 2nd copy |
| Foreign Office for the attention of Leg. Sec. Freiherr v. d. Heyden- Rynsch | 3rd copy |
| Reichminister of the Interior for the attention of Min. Div. Dr. Bendoricic | 4th copy |
| Reichsfuhrer SS and Chief of the German Police - Reich Defence (RV) Section - for the attention of SS-Brigadefuhrer Petri | 5th copy |
| Reich Minister for Enlightenment and Propaganda for the attention of Major (Reserve) Wentzler | 6th copy |
| Reich Minister of Justice for the attention of Min. Sec. Brestert | 7th copy |
| Reich Finance Minister for the attention of Min. Sec. Gen. Sec. Dr. Bender | 8th copy |
| Reich Finance Minister for the attention of Min. Sec. Dr. Mico | 9th copy |
| Reich Minister of Communications - Motor Transport Service, Shipping, Hydraulic Structures - for the attention of Min. Sec. Piese | 10th copy |
| Reich Minister of Transport - Railroad Dept. - for the attention of Div. Dr. Ebeling | 11th copy |
| Reich Minister for Science, Education - National Culture for the attention of Min. Div. Prof. Dr. Krummel | 12th copy |
| Reich Postal Minister for the attention of Min. Sec. Honold | 13th copy |
| General Inspector for German Roadways for the attention of Sec. Beurat Seuffler | 14th copy |
| Minister President General Fieldmarshal Göring Director of the Four Year Plan and the Prussian State Ministry for the attention of Min. Sec. Berghelm | 15th & 16th copy |
| Operational Staff G B for the attention of Ministerial Director Sakrov | 17th & 18th copies |
| Reich Minister of Economics for the attention of Ch. Sec. Sec. Dr. Luesdt | 19th copy |
| Reich Minister for Food and Agriculture for the attention of Min. Sec. Dr. Dietrich | 20th copy |

 TRANSLATION OF DOCUMENT 388 - PS
 cont'd.

ITEM 41

| | |
|--|-----------------------|
| Reich Labour Minister for the attention of Min. Rat. Schroeder | 31st copy |
| Directorate of the Reichsbank for the attention of the Reichsbank Dir. Dr. Mueller | 22nd copy |
| Reich Conservator of Forests for the attention of Oberlandforstmeister Haumann | 23rd copy |
| Reich Office for long range regional planning (Raunroburg) for the attention of Reg. Rat. Dr. Schepers | 24th copy |
| President of the Secret Cabinet Council Reich Minister Freiherr von Neurath | 25th copy |
| Reich Minister Frank for the attention of Oberstaatsanwalt Dr. Buehler | 26th copy |
| Head of Reich Labour Service for the attention of Oberarbeitsfuhrer Richter | 27th copy |
| OKM (2nd Div. Army General Staff) (60 X) | 38th - 107th copy |
| Reich Minister for Air and C-in-C Air Force (2nd Div. Air Force General Staff) (30 X) | 108th - 137th copy |
| OKM (I II) (15 X) | 138th -153rd copy |
| Adjutant to the Fuehrer | 153rd copy |
| OKW: Chief of OKW | 154th copy |
| WE | 155th copy |
| Ins1/Abwehr (with NA for Foreign Abwehr I, II & III) (5 X) | 156th-160th copy |
| General Armed Forces Office (with NA for J. Pressogr. Vers.) (4X) | 161st-164th copy |
| Armed Forces Staff (with NA for WW1, WRo, WRM) (4X) | 165th-168th copy |
| Armed Forces Communications (WNV) (2X) | 169th-170th copy |
| I (Chief, Ia, Ib, Ic, II, IVa, IVb, IVc, IVd, K) | 171st-180th copy |
| WE | 181st copy |
| WE | 182nd copy |
| Special Staff W | 183rd copy |
| Stock kept at IIV | 184th-200th copy |

Item 44

Berlin, 1st October 1938

Supreme Command of the Armed Forces
No. 2400/38 Most Secret LI:

150 copies
18th copy

Top secret

(Stamp-)

Office of the Armed Forces Adjutant attached to the Fuhrer & Reich Chancellor.
Rec. Oct. 3rd 1938, Encl. 2-30
Reg. No. 268338 Secret
Dispatched -
Checked -

MOST SECRET

SPECIAL ORDER NO. 3 to DIRECTIVE No. 1

Parts of the Army Employed.

In addition to the sections of the Army whose employment has been approved (see Directive 1, Section 2a), the following units will also be used for the occupation:

Command (Generalkommando) III

10th Inf Regiment (4th Inf Div)

The Chief of Supreme Command of the Army
By direction
Jodl

Distribution: III

and special distribution

Item 45

Army Teleprint Network

| Received from | MDG | Pass to Dept | Date | Time | Reg. No. | by |
|------------------------|------|--------------|------|------|----------|-----------|
| Teleprint Office Notes | 9.10 | Dept | 9.10 | | | supp. (?) |
| | | Li. 1000 (?) | | | | |

by Jodl (?)

Delay notes:

Telegram HRLG 12 9110 1304 priority notes:
Reg. No. of sender:
TO LT. COL. SCHLUNDT * FUHRER'S TRAIN * (FUHRERTRUPP)

1. IF THE OCCUPATION OF ZONE 5 IS CARRIED OUT TODAY ACCORDING TO PLAN AND WITHOUT INCIDENT OKW INTENDS TO DISSOLVE V.G.A.D. IN THE WEST AS FROM 10.10 AND TO BRING THE 5 SERVING DIVISIONS BACK TO THEIR HOME STATIONS...
2. ACCORDING TO TELEGRAM RECEIVED HERE POPULATION OF IGLAU VERY WORRIED AND EXCITED. COMMUNISTS THERE ARE ARMED. FOREIGN OFFICE HAS BEEN INFORMED. OKW JUDGE'S EMPLOYMENT OF ENGLISH LEGION, IF IT IS BROUGHT UP IN THIS AREA FOR PROTECTION OF THE GERMAN FUHRER'S CONSENT REQUESTED FOR 1 AND 2

signed REITEL

(Ink Notes:-) Telephoned this from Opera House in Saarbrücken at 2100 10.9 to Cpt. Mayle. Fuhrer agreed to points 1 and 2. In connection with 2: if the lives of Germans threatened, troops to march in after short warning.

88

Item 46

TRANSLATION OF DOC. 388 P3 cont.

1 a 0-in-0 of the Army *

Berlin W 35 October 10th, 38

Tirpitzufer 72-76

Tel.

11.10.38

1800 hours Schm.

My Fuhrer!

I have to report that the troops will reach the demarcation line as ordered, by this evening. In so far as further military operations are not required, the order for the occupation of the country which was given to me will thus have been fulfilled. The guarding of the new frontier line will be taken over by the reinforced frontier supervision service (Grenzaufwachtdienst) in the next few days.

It is thus no longer a military necessity to combine the administration of the Sudetenland with the command of the troops of the army under the control of one person.

I therefore ask you, my Fuhrer, to relieve me with effect from October 15, 1938, of the charge assigned to me - that of exercising executive powers in Sudeten German territory.

Hail my Fuhrer,

VON BRAUNITSCH

(handwritten Note:) Submitted to Fuhrer 11 Nov. Agreed.

Item 47

Part b

Telegram

TELEGRAM TO FUHRER TRAIK, MAJOR SCHLUNDT

IF EVENING REPORT SHOWS OCCUPATION OF ZONE FIVE WITHOUT INCIDENTS OKW INTENDS TO ORDER FURTHER DEMOBILIZATION PRINCIPLE: 1. RESCISSION OF "GREEN" BUT SUFFICIENT STATE OF PREPAREDNESS ON PART OF ARMY AND LUFTWAFFE TO MAKE INTERVENTION POSSIBLE NECESSARY.

2. ALL UNITS NOT NEEDED TO BE PULLED OUT OF OCCUPIED AREA AND REDUCED TO PEACETIME STATUS, AS POPULATION OF OCCUPIED AREAS ARE HEAVILY BURDENED THROUGH LARGE MASS OF TROOPS.

3. DISSOLVE TRUCK REGIMENTS IN THE INTERESTS OF ECONOMY

4. RESCISSION - BY AND BY - OF MOBILIZATION MEASURES IN THE WEST WITHOUT HAMPERING THE LINES-CONSTRUCTION PROGRAM.

5. INTENTION OF OKW TO BE RELIEVED OF EXECUTIVE POWERS BY 10.15 FUHRER'S ONLY REQUESTED.

OKW

Item 47

Part A (ink note)

Fuhrer's decision:

1--Agreed

2--Proposed on the 15th Oct in Essen through Gen Keitel. Decision will then be reached.

3--Agreed

4--Agreed

5--Agreed

Relayed to Lt. Colonel Zeitzler at 2300, 10.11

SCHLUNDT

58

Item 47

10.10.38

What is in the Zone?

5 1 (motorized)
1 (light)
1 armoured
1 mountain
1 div.

For special duties 1 mountain
3 div
1 truck transport regt.

4 3 motorized div
1 light
1 armoured
2 div
Liebstandarte

3. 4 div
6 militia

1 1 armoured
3 div

13 div
4 div (motorized)
3 armoured
2 mountain
2 light

24 divisions

(notes in -ahmundt's writi

85

28

TRANSLATION OF DOC. 368 PS cont.

Army Telegraph Network

| | | | | | | | |
|---------------------------------|---|-------------|---------|------|------|-------|-------------------|
| Notes of Telegraph Office |) | received | Page to | Date | Time | R.No. | by |
| |) | from HOZG | | | | | |
| |) | 11.10.10.45 | | | | | Schm. |
| | | | | | | | Lt. Col. Johanndt |

by Schm.
Hope of delay

Item 47

HBGG 308 1040 Note of Priority
Rel. no. of sender

TO THE ARMED FORCES ADJUTANT ATTACHED TO THE FUHRER AND SUPREME
 COMMANDER OF ARMED FORCES. THE C-IN-C THE ARMY REGARDS HIS DUTIES
 AS POSSESSOR OF EXECUTIVE POWER IN THE JUDETEN GERMANY AREA AS
 FULFILLED AS FROM 10.15. HE SUGGESTS THAT THE ADMINISTRATION BE
 TAKEN OVER ON THAT DATE BY REICH COMMISSAR HEULEIN, PROVIDING THAT
 FURTHER MILITARY OPERATIONS ARE NO LONGER NECESSARY. PERSONAL
 LETTER OF THE C-IN-C TO THE FUHRER HAS BEEN DESPATCHED.

OKH 3th Div. (Five)

General Staff of the German Army

11.37/38

86

48

TRANSLATION OF DOC. NO. 588-P3
Continued

Item 45

(Ink note)

1. If advance orders, times can be shortened. Regrouping of armies.
2. If Hungary, small degree of preparedness. 2 brigades between Pressburg and Budapest. 1 brigade east of Friedl.

(Rest of note impossible to decipher completely)

C

88

TRANSLATION OF DOC. NO. 388 PS
cont.

Notes of the
telegraph
office

Army Telegraph Network

| | | | | | |
|--------------------------------------|--------------------------------|---------------|--------------|-----------------|---|
| Received from HBCC 11.10.1955. | Pass to Lt.Col. Schmundt | Date 11.10 | Time 2030 | R.No. by Joe | 1) 4 Mot. Div. 1 B'n ready to march (?) 1 Ar- m'd Brig. |
| by schm. | | | | 24 | |
| Notes re delay | | | | 45 | |
| | | | | 29 | (Uncipherable note) |

Note of priority:
Tol. No. of sender

Item 48

TOP SECRET
HBCC 13 1930, 11.10
Lt. Col. Schmundt

Question 1: WHAT REINFORCEMENTS ARE NECESSARY IN THE PRESENT
SITUATION TO BREAK ALL CZECH RESISTANCE IN BOHEMIA AND
MORAVIA?

Answer: ARMY SUGGESTS: ARMY GROUP 5: Nothing

ARMY GROUP FOR SPECIAL DUTIES: 1 Arm'd
Brig.,
2 Mob.
Div.

ARMY GROUP 4: Nothing

ARMY GROUP 3: 1 Mobile Division

ARMY GROUP 1: 1 Division ready to march
and 1 Mobile Division

B) LUFTWAFFE: EMPLOYMENT NECESSARY OF ALL FORCES PROVIDED
TO DATE OKW BELIEVES THAT IT WOULD BE
POSSIBLE TO COMMENCE OPERATIONS WITHOUT
THOSE REINFORCEMENTS IN VIEW OF THE PRESENT
SIGNS OF WEAKNESS IN CZECH RESISTANCE.

Question 2: HOW MUCH TIME IS REQUIRED FOR THE REGROUPING OR MOVING
UP OF NEW FORCES?

Answer: A) Army: FOR REGROUPING: 2 days. FOR MOVING UP OF NEW
FORCES FROM THE REICH 4 to 5 DAYS (INCLUDING
MOBILIZATION)

B) Luftwaffe: OPERATIONAL DUTY POSSIBLE ANY TIME

Question 3: HOW MUCH TIME WILL BE REQUIRED FOR THE SAME PURPOSE IF
IT IS EXECUTED AFTER THE INTENDED DEMOBILIZATION AND
RETURN MEASURES?

Answer A) Army: IN THE SO THEAST ABOUT 10 to 11 DAYS.--IN THE
WEST 9 to 10 DAYS.

B) Luftwaffe: AFTER RETURN OF FLYING UNITS TO PEACE TIME
AIRFIELDS AND THEIR DEMOBILIZATION - THE ...
UNITS WHICH ARE READY FOR ACTION AND THE
GROUND ORGANIZATION BEING LEFT AS THEY ARE -
LENGTH OF TIME IN SOUTHEASTERN AREA 12 HOURS
IF WEATHER FAVORABLE. AFTER DEMOBILIZATION
IS COMPLETE SEVERAL DAYS, IN ANY CASE LESS
THAN IN THE CASE OF THE ARMY.

88

58

TRANSLATION OF DOC. NO. 3001PS
Continued

Question 4: HOW MUCH TIME WOULD BE REQUIRED TO ACHIEVE THE
STATE OF READINESS OF OCT. 1st?

Answer: Army: 6 days. If the reserves are called up by
radio, 3 days at least.

Luftwaffe: AIR DEFENSE UNIT, BEFORE COMMENCEMENT
OF REORGANIZATION, WILL BE READY FOR
OPERATIONS IN 24 hours

(signed; K. I. L.)

89

106

TRANSLATION OF DOCUMENT NO. 388-PS
CONT'D.

Item 49

Berlin, 13 Oct 1938

REFLECTIONS
OF OKH on the REPRODUCTION of Forces
from the Sudeten-German area.

PREVIOUS STRENGTH

| ARMY GROUP | NO. OF DIV'S. | DIV NO'S. earmarked for WITH- DRAWAL. | NO. OF DIV'S TO BE WITH- DRAWN | STRENGTH AFTER WITH- DRAWAL |
|------------|------------------------|---|--------------------------------------|--------------------------------------|
| 5 | 5 1/3 | 1/3 4th, 2 Mtn, 3 Mtn, 29th Mot, 4 Light, 2nd Pa | 4 | 1 1/3 |
| 4 | 4 1/3 plus SS Regt. | 1/3 5th, 7th, 9th, 45th, 1st Mtn. | 3 1/3 | 1 |
| 3 | 3 plus 1 SS Regt. | 4th, 3rd, 18th | 2 | 1 |
| 1 | 4 | 8th, 28th, 30th, 3rd, and Arnd | 2 | 2 |

SUM TOTAL 22 2/3
(Plus 3 SS Regts)

namely:

- 11 2/3 Inf Divs
- 3 Mtn Divs
- 3 Mot Divs
- 3 light Divs
- 3 Arnd Divs

ga

ITEM 50

REICH WAR MINISTRY/NAVAL INTELLIGENCE SERVICE

MOST SECRET

Space for Receipt Stamp

Received
on 17.10 from HQ
at 1505 by (Indecipherable)
Notes re delay
MSZ 0 51
Telegram from MSZ 045 17/10 1525
Lv. Colonel Schmundt

GEW suggests that by 20 October about half of the Army forces still remaining in Sudeten-German Territory (1+ 1/3 Divs and 3 SS Regiments) should be moved out, as otherwise the orderly discharging of the old age group at the end of October - this is necessary for the building up of the Army - and the reassignment of the recruits will not be possible by 10/11. (Involved are the: 2nd Arm'd Div, 1st Mountain Div., 7th Div, 13th Motorized Div, 20th Motorized Div, 18th Div and 3rd Arm'd Div) Fuhrer's decision requested to-day.

Signed Keitel

(Note at bottom in Schmundt's handwriting:)

The Fuhrer has given his consent 17 Oct.

By telephone, 1905 hours, 17 Oct. to Capt. Vogel,

Section I, GEW.

Schmundt, Lt. Col.

45

TRANSLATION OF DOCUMENT 388-PS
(Cont'd)

ITEM 51

The Fuehrer and Supreme Comdr of the Armed Forces

Berchtesgaden, 18 Oct. 1938

Despatched 19 X 38 M

TO THE C-IN-C OF THE ARMY

GENERAL VON BRAUCHITSCH, BERLIN

The occupation of the Sudeten-German territory has been completed, the operation being carried out by sections of the Army, the Air Forces, the Police, the military SS (SS Verfügungstruppe), the SS and SA.

Placed under protection of the armed forces, 3½ millions of German compatriots have returned to the Reich once and for all.

The Civil Administration is taking over charge of them on 21 Oct 1938. Simultaneously I relieve you of your right to exercise executive power, while acknowledging the understanding cooperation of all departments.

Along with our Sudeten-German compatriots, the entire German people express their gratitude to those who participated in the liberation of the Sudeten-Land.

(signed) Adolf Hitler

Berchtesgaden, 18 Oct 1938

(signed) Schmidt,

Lieutenant Colonel, G. S. C.

The Armed Forces Adjutant attached to the Fuehrer and Reich Chancellor.

after Delivery:

To the Supreme Command of the Armed Forces

I request that publication in the press be initiated from there

6
Item 51.

TRANSLATION OF DOC. NO. 385-PS
Continued

1st Draft

To

The C - in - C of the Army

The occupation of the Sudeten - German territory had been completed according to plan, the operation being carried out by sections of the Army, Air Force, and police. Thus 3½ million German compatriots have returned to the Reich once and for all, and have been placed under the protection of the Armed Forces.

You have borne the responsibility for the occupation of the country and the care of the population from the day when the army marched in, and now I approve your proposal to release you from your authority to exercise executive power in the Sudeten-German area, date of expiry being October 20th 1938.

My thanks to all those who participated in the liberation of the Sudetenland, for the order and discipline, the social understanding and devoted readiness to help with which they have done their duty.

J.

(Handwritten note)

The military SS (SS VERFÜHRUNGSTRUPPEN), the SS and SA

End Draft

(Exact repeat of Item 51 followed by handwritten note)

Signed Adolf Hitler (unknown hand)

TRANSLATION OF DOCUMENT 503-PS
(Cont'd)

ITEM 52

Supreme Command of the Armed Forces
No. 2760/38 MOST SECRET L I a

Berlin, Oct. 18th, 1938

1300 hours

(Stamp)

Office of the Armed Forces Adjutant
attached to the Fuhrer and Reich Chancellor
Rtd. 20 Oct. 1938
Req. No. 277/38 Most Secret
Despatch Clerk T.

60 copies
Copy

MOST SECRET

Directive 10.1

The Fuhrer has ordered:

1. That about half of the forces of the Army still remaining in Silesian-German territory be shipped back to the Reich Air Force.
2. That those parts of the Luftwaffe which under the command of the Army be shipped back and returned to the C-in-C of the Air Force.

The withdrawal of other parts of the Luftwaffe operating in Silesian-Germany will be effected by the C-in-C of the Air Force.

Chief of the Supreme Command of
the Armed Forces

Kaibel

Distribution: III

TRANSLATION OF DOCUMENT 388-PS
(Cont'd)

ITEM 53

REICH WAR MINISTRY/NAVAL INTELLIGENCE SERVICE

MOST SECRET

Received at 1040 by (Indecipherable) Initials
Notes re delay
MBZ 050 Space for Receipt Stamp
Telegram from MBZ 050 21/10 1030

LIEUTENANT COLONEL SCHMUND:

(SECRET) - OKW REQUESTS THE FUHRER'S APPROVAL TO THE

FOLLOWING DECREE:

ON THE 10th OF OCTOBER THE REICH LABOUR SERVICE CEASES TO
BE UNDER THE COMMAND OF THE SUPREME COMMAND OF THE ARMED
FORCES, WITH THE EXCEPTION OF THE RAD FORCES OPERATING
IN THE AREA OF THE WESTERN FORTIFICATION. THE CHIEF OF THE
SUPREME COMMAND OF THE ARMED FORCES REGULATES THE CONDITIONS
OF EMPLOYMENT FOR THESE SECTIONS IN ACCORDANCE WITH MY
DIRECTIVES, AND AGREEMENT WITH THE REICHS LABOR LEADER.

OKW NR 2690/38 Secret JFA/L two of 20 Oct 38 JODL

Handwritten: Consent given, 21 Oct 38.

Passed to Colonel Joll's

Ante-Room at 1400

Sch 22/10

ITEM 54

~~MOST SECRET~~

~~TOP SECRET~~

Only through officer

Conference Notes

L I R

Berlin, 27.9.38

4 copies
1st copy

Time of Attack "Gran"?
(Z v. A Gran)

COORDINATED TIME OF ATTACK BY ARMY AND AIR FORCES ON X DAY

As a matter of principle, every effort should be made for a coordinated attack by Army and Air Forces on X Day.

The Army wishes to attack at dawn, i. e. about 0615. It also wishes to conduct some limited operations in the previous night, which however, would not alarm the entire Czech front.

Air Force's time of attack depends on weather conditions. These could change the time of attack and also limit the area of operations. The weather of the last few days, for instance, would have delayed the start until between 0800 and 1100 due to low ceiling in Bavaria.

If the Luftwaffe were to attack at the time desired by the Army no tactical surprise of the enemy's air force would be achieved and it would necessitate certain changes in the method of attack (height of flight level). Consequently, from the outset the Luftwaffe has desired a later hour of attack on the part of the Army. Even so, there would be no definite guarantee of a well-timed coordinated attack of both forces, as bad weather conditions on the day of attack might postpone the commitment of the Air Force on X Day in part or altogether.

If an early hour of attack on the part of the Army is regarded as indispensable, a simultaneous attack by the Air Force, - desirable as it may be, may possibly have to be dispensed with.

ITEM 54

Thus it is Proposed:

attack by the Army - independent of the attack by the air force -
at the time desired by the Army (0815) and permission for limited
operations to take place before then, however, only to an extent that
will not alarm the entire Czech front.

The Luftwaffe will attack at a time most suitable to them.

(J)

TRANSLATION OF EXCERPTS FROM DOCUMENT NO. HI-10408
OFFICE OF CHIEF OF COURTS FOR WAR CRIMES

Society for chemical and
metallurgical production, Prague
(Aussig Society) (Aussiger Verein)

3024

26 July 1938

98

TRANSLATION OF EXCERPTS FROM DOCUMENT No. NI-10408
CONTINUED

Society for chemical and metallurgical
production, Prague

(Ansiel Society) (Ansieler Verein)

99

TRANSLATION OF EXCERPTS FROM DOCUMENT SO. 11-10408
CONTINUED

(page 1 of original, cont'd)

Hungary after the end of the war. All plants - with the exception of the small factory at Schwes (Tyrol), which had been added in 1915 for wartime economic reasons and which had been closed again in 1920 - were now located in Czechoslovakia. In 1920 the Czechoslovak Government demanded, that the location of the Board of Directors be moved from Vienna to Czechoslovakia, and since then has exerted great influence on the Aussiger Verein through the Zivnostenska Bank, Prague, which is controlled by the State, and its development into a national

(page 2 of original)

enterprise. This development was speeded up after Doctor Dr. Antonin BASCH (Czechoslovak National Bank) entered the Board of Directors of the Aussiger Verein in 1933, and where he relieved Dr. Max LAYER as its chairman on 1 January 1936. In 1935, Dr. Viktor ETTEL, a chemical engineer, who until then had been a colonel in the Czechoslovak Ministry of War (Chief of the Chemical Warfare Department), took over the technical management of the Aussiger Verein. In June 1936, the stockholders' meeting approved changes in the statutes, according to which the President, one of the two Vice-presidents, as well as two thirds of the members of the Executive Committee have to be Czechoslovak citizens. Since 1933 the Aussiger Verein has expanded considerably - partly upon instigation and with trade-political support of the State. (Due to its efforts, need for approval of imports, increases of customs duty, etc.). The expansion of the organic plants, especially the plants intended for coarser dye production, as well as the growth of the concern's interests - mainly also in the States created out of the Austro-Hungarian monarchy - was speeded up.

The size and the importance of the Aussiger Verein, which is a strong competitor on the southeastern European market, can be judged from the following figures:

Total capital stock at the end of 1937

(Capital and capital invested by others) to
715,8 millions = 251.4 millions.

TRANSLATION OF EXCERPTS FROM DOCUMENT NO. NI-10408
CONTINUED

(page 2 of original, cont'd)

Sales (not including subsidiary companies)
Ec 600 - 700 Millions = \$ 52 - 60 Millions.

Number of employees (not including subsidiary
companies)
appr. 4200 workers
appr. 800 employees

- Chronology: 1857 Founding of Aussiger Verein, with its seat
in Vienna. Starting Capital fl. 1.000.000.-.
Construction of chemical plant at Aussig
C. E.
- 1871 Capital increased to fl. 2.000.000.-.
Acquisition of the Uralup a.d. Moldau
plant, constructed in 1855 (sulphuric
acid, perphosphate).
- 1880 Removal of the seat of the Board of
Directors to Aussig.
- 1885 Construction of the Ammonia-Soda plant at
Zeceusee (Austria), in co-operation with
Solvay & Cie., Brussels.
- 1893 Capital increased to fl. 3.000.000.-
through the issue of free stock. The
payments were covered out of the reserve
fund.
Construction of the Ammonia-Soda plant at
Luhovec (now Yugoslavia), in co-operation
with Solvay & Cie., Brussels.
- 1896 Construction of the Ammonia-Soda plant at
Tuzla-Ujvar

(page 3 of original)

(now Rumania), in co-operation with Solvay
& Cie., Brussels.

- 1901 Founding of the salt-mine Neu-Stassfurt
and of the Teilnehmer Kommanditgesellschaft,
Eischerndorf near Sitterfeld (50% of stock),
in co-operation with the Mining Corporation
Salt Mine Neu-Stassfurt and Neu-Stassfurt
II (now Group Kali-Chemie. A.G.).

TRANSLATION OF EXCERPTS FROM DOCUMENT No. TFCM408
CONTINUED

(page 3 of original, cont'd)

- 1905 Construction of an Ammonio-Soda plant at Mostonice, in co-operation with Solvay & Cie., Brussels.
- 1906 Closing and demolition of the old soda plant at Aussig (Lobenz process). The site was used for the expansion of the chemical plants. Construction of a Soda plant at Podgorze (now Poland), in co-operation with Solvay & Cie., Brussels.
- 1907 Starting of production of Alizarin in the new plants at Aussig.
- 1909 Capital increased to £ 9,000,000.-
Participation in the Solvay-Sodafabrik-
S.m.b.H., Vienna.
- 1911 Capital increased to £ 12,000,000.-.
Construction of the stannic chloride plant
System Goldschmidt, at Aussig, in co-
operation with Th. Goldschmidt A.G., Essen.
Addition of the Erste Oesterreichische
Sodafabrik at Hruscheu - owned by MILLER
v. RICHOLD. The former owner received
Aussiger Verein stock, of £ 2.5 Millions
nominal value.
Construction of a Soda plant at Focsa (now
Rumania) in co-operation with Solvay &
Cie., Brussels.
- 1914 Capital increased to £ 14,500,000.-.
Purchase of the majority of shares of the
"Hungaria", Budapest (in co-operation with
Solvay & Cie., Brussels) and creation of a
community of interests (Interessengemeinschaft).
Seat of Board of Directors moved to Vienna.
- 1915 Purchase and expansion of the electro-
chemical plant for the production of chlorate
of potash at Schwarz (Tyrol).
Production begun in 1915.
- 1916 Construction of a carbide and nitrogen of
lime plant at Falkenau. Production begun
in 1918.

TRANSLATION OF EXCERPTS FROM DOCUMENT NO. HF-10468
CONTINUED

(page 3 of original, cont'd)

- 1917 Capital increased to K. 18,000,000.-.
Acquisition of coal mines at Euclina near Bruck
and the coarse-coal mine Iovtine near Joreslav
(near Aussig).
Participation in the founding of the Oberberger
Chemische Werke A.G., Neu-Jerberg, and con-
clusion of a long-term agreement to secure the need-
ed raw materials for the newly founded enter-
prise.

(page 4 of original)

- Participation in the Oesterreichische Elektro-Werke
A.G. Karlsbad, (disposed of again later), and the
Falkenauer Kohlenbergbau A.G., Luns near Falkau.
- 1920 Capital increased to Kc 36,000,000.-.
Upon request of the Czechoslovak Government,
the seat of the Board of Directors was moved
to Karlsbad from Vienna.
Participation in founding of the Bohemische
Elementstoff-Fabrik System Elberfeld, at Lobositz.
The plant began production in 1923.
Participation in the founding of the Silloner
Kunstwollen- und Chemische Industrie A.G. at
Sillein, which took over the Sillein plant of
the "Hungaria", Budapest.
- 1921 The Solvay-group took over a larger block of
Aussig-shares, still remaining from the capital
increase in 1920. Participation in the Hruschauer
Tonwarenfabrik A.G. at Hruschau (50%).
- 1922 Capital increased to Kc 40,000,000.-.
Acquisition of the baryum sulphate mine Gewerkschaft
"Luetzow" at Kohnitz in Thuringia.
Participation in the Gewerkschaft "Auguste" at
Leutnitz near Bad Blankenburg. The participation
was disposed of later again.
Participation in the founding of the Societe de
Produits Chimiques de l'Yonne, Paris. Production
began in 1924. The participation later was dis-
posed of again.
Expansion of the Hestonitz Solvay-Werke.
- 1923 Capital increased to Kc 50,000,000.-.
Participation in the "Tosha" Dosta Jugoslavische
A.G. fuer Chemische Industrie, Zagreb (now at
Belgrade) and the "Chimoin" Fabrik chemisch-
pharmazeutischer Produkte A.G., Budapest.

TRANSLATION OF EXCERPTS FROM DOCUMENT No. 11-10708
CONTINUED

(page 4 of original, cont'd)

Conclusion of an agreement with the Chemische Fabrikum Kunheis & Co., A.G., Berlin, for the protection and expansion of common interests, and which later was also joined by the Rheinisch-Kunheis Verein Chemischer Fabrikum A.G., Berlin. The agreement was bolstered by exchange of stock and mutual representation in the Verwaltungsrat. The Aussiger Verein sought to acquire the majority of the Rheinisch-Kunheis shares. When that attempt failed, the participation, (about one third) was disposed of in 1927 through banks to the Kali-Chemie A.G. in Berlin. At the same time the Rheinisch-Kunheis was forced to dispose again of its participation in the Aussiger Verein because of financial difficulties.

(page 5 of original)

- 1925 Closing of the plant at Krainz a.d. Moldau.
Construction of a new Azo-dye plant at Aussig.
Reconstruction and expansion of the plants of the Salt Mine Neu-Stassfurt and the Salinensalz K.G., Eschornsdorf.
Reconstruction and expansion of the nitrogen of lime plant at Falkenau. The production of the plant later on was extended to include the manufacture of various products by way of electro-chemical and electro-thermal processes.
- 1926 The representative of Solvay & Cie., Brussels, Emmanuel JANSSEN, leaves the Verwaltungsrat.
- 1927 Agreement concerning activated charcoal reached with I.G., Urbain-Paris and Metallgesellschaft.
Participation in the founding of the British Carbo Union Ltd., London and the Czechoslovakische Stickstoffwerke A.G., Prague.
Disposed of the participation in the Rheinisch-Kunheis Verein Chemischer Fabrikum A.G., Berlin.
- 1928 Abandoned the plant for the production of chlorate of potash at Schwaz (Tyrol).
- 1929 The stabilization balance sheet of 1 January 1929 showed a revaluation surplus of Kc 250,000,000.--, which was transferred to a special stabilization fund.
Construction of a low-temperature carbonization plant at Falkenau.

TRANSLATION OF EXCERPTS FROM DOCUMENT No. NI-10408
CONTINUED

(page 5 of original, cont'd)

- Beginning of production of liquid chlorine at
Aussig.
Disposal of the participation in the "Chinoin",
Budapest.
- 1930 Participation in the founding of the Carbo-
Morit-Union Verwaltungs-Gesellschaft, Frankfurt
a.M. (activated charcoal). Edle Tourney-
Solvay and Prof. Frédéric SOLVAY are elected
to the Verwaltungsrat (the former as Vicepre-
sident) as representatives of Solvay & Co.,
Brussels, since that company had not been
represented in the Verwaltungsrat for three
years.
- 1931 The part of the Board of Directors removed to
Aussig from Karlsruhe.
- 1932 Incorporation by merger of the Wilkauer
Bergbau A.G., Dusseldorf, and the Sillener Kunst-
stoffer- und chemische Industrie A.G., Sillein.
- 1933 Doctor Dr. Antonin TASCHE (Czechoslovak National
Bank) enters the Board of Directors of the
Aussiger Verein.

(page 6 of original)

Dr. Viktor BETH, a chemical engineer, who up
to now has been a colonel in the Czechoslovak
Ministry of War (Chief of the Chemical Warfare
Department), assumes the technical management
of the Aussiger Verein.

Acquisition of a parcel of stock in the "Solo"
Vereinigte Tschechoslovakische Guendholz- und
chemische Fabriken A.G., Prague, out of the
Kreuger estate.

Acquisition of the majority of the shares of the
"Marsesti" Rumänische A.G. fuer Chemische
Industrie, Bukarest.

Participation in the founding of the "Posfa"
Handelsgesellschaft mit Aussig in der che-
mischen Industrie G.m.b.H., Prague.

The Livnostenska banka, Prague, took over from
the Oesterreichische Creditanstalt, Vienna,
stock of the Aussiger Verein, the nominal value
of which was Kc 4.4 millions.

TRANSLATION OF EXCERPTS FROM DOCUMENT No. 81-13408
CONTINUED

(page 6 of original, cont'd)

- 1934 The Aussiger Verein on 1 January 1934 took over the E.V. GLEITSCHMANN plant for printing inks at Aussig. The plant will be known from now on as "Department Printing Inks, GLEITSCHMANN system, Aussig".
- Beginning of reconstruction and expansion of a large part of the inorganic and organic plants.
- Construction of a plant for vat dyes at Aussig.
- Construction of a water-oven system in cooperation with the Nordböhmisches Elektrizitätswerke A.G., Bodenbach. Acquisition of the majority of stock (51%) in the Aktienfabriken zur Erzeugung von Chemikalien Teplitz, Teplitz, in cooperation with the "Synthesis", Prague. The "Synthesis" required the larger part of the parcel of stock.
- Leasing of the soft-coal mines "Albert", Schoenfeld, and "Moriz-Antonie", Raudnitz from the Böhmisches Handelsgesellschaft, Prague, (a concern of the Fininvestbank, Prague) in order to insure the supply of the Aussig plants.
- Participation in founding of the "Carbonit", Bucharest (12,5%).
- Dissolution of the General representative office Aussiger Verein in Berlin, which up to then had been known as the "Vesticolor" Farben- und Chemikalienvertriebs-G.m.b.H., Berlin.
- Successful experiments in liquification of soft coal were carried out at Pilsenau.
- 1935 On 1 January 1935 a revaluation balance sheet was made, in which a total of Kc 152.2 millions were deducted for depreciation of physical assets and participations.
- The stockholders' meeting decided to increase the share capital to Kc 75,000,000.-.
- Expansion of the printing ink plant in Aussig, required the year before. From... GLEITSCHMANN.

(page 7 of original)

Acquisition of the majority of the shares of the Odeberger Chemische Werke A.G., Neu-Odeberg (69%) Böhmisches Glanzstoff-Fabrik System Elberfeld, Lobositz.

Exchange of stock and conclusion of an Interessengemeinschaft with the "Solo", Prague. Thereby the capital was increased by 10 8 millions to Kc 58 millions.

TRANSMISSION OF EXCERPTS FROM DOCUMENT No. W-10408
CONTINUED

(Page 7 of original, cont'd)

The Zivnostenska banka, Prague took over Aussiger Verein shares, the nominal value of which was Kc 3.2 billions, from the GSK, P. S. S. R.

1936 As of 1 January 1936 Robert Dr. Antonin BASCH is the General Director of the Aussiger Verein in place of Dr. Max WAYER. Dr. Max WAYER transferred to the Verwaltungsrat and agreed to make his knowledge available exclusively to the Aussiger Verein, for a period of five years (i.e. until the end of 1940). The part of the Board of Directors removed to Prague. Exchange of stock and conclusion of an Interessengemeinschaft with the

"Explosiv", Czechoslovakische Explosiv-Stoff-
A.G., Prague,
"Synthesin", chemische Werke A.G., Prague.

In addition, the capital was increased by Kc 12 billions to Kc 70 billions.
Reconstruction of the sulphuric acid plants at Sillein.

Production of photographic chemicals begun by the Järberger Chemische Werke A.G., Neu-Ödörsberg.
Acquisition of the majority of stock (60.7%) in the Handlovaer Kohlenbergbau A.G., Bratislava.
The "Zorke" increased its capital stock from Din. 5.75 billions to Din. 15 billions and removed its seat to Belgrade. The construction of a new plant at Sabac was begun (sulphuric acid, copper sulphate, etc.).

The Czechoslovakische Agrarbank, Prague, bought a parcel of Aussiger Verein stock and joined the syndicate of the Czechoslovakian stockholders of the Aussiger Verein, which was under the leadership of the Zivnostenska banka. The stock supposedly did not come from Czechoslovak sources. In October, the capital was increased by Kc 5 billions to Kc 75 billions. The shares were required by a syndicate under the leadership of the Zivnostenska banka, Prague. A building in connection with the expansion of the cro-dye plant at Aussig was completed.

1937 Production of oxalic acid was begun at Falkensau;
Joining of the International oxalic acid agreement.

(page 6 of original)

The remaining parcel of stock, representing 51% of the total stock of the Odeberger chemische Werke A.G., Neu-Oderberg, was disposed of out of the stock portfolio of the A.G. Dynamit Nobel, Brno, probably to the Aussiger Verein.

Construction of a plant for the production of bleached shellac by the Odeberger chemische Werke A.G., Neu-Oderberg. Production began in a new sulphuric acid plant at Sillau.

- 1936 The Aussiger Verein participated in the acquisition of 51% each of the stock of the Nordbohmische Kohlen-Werke Gesellschaft at Bruck, Bruck, and the Brucker Kohlen-Bergbau-Gesellschaft, Bruck, as well as of the Aussiger Montan-Gesellschaft n. b. H. & Co., Aussig, from the Julius-Fatschek-group at Prague, as a member of a syndicate under the leadership of the Zivnostenska banka, Prague.

Verwaltungsrat:

Dr. Jaroslav REISS, Prague, Chairman
President of the Zivnostenska banka, Prague
Milic BOURNAY-SOLVAY, Attorney-at-law,
Vicochiffren

Saisfort near Brussels,
Solvay & Cie., Brussels

Ing. Jan DVORACEK, retired minister,
Prague, Vicochiffren
General Director of the Zivnostenska banka,
Prague

Ing. Ottokar HOSAN, Prague
Chairman of the Society of the Czechoslovak chemical industry
General Director of the "Explosiv",
Czechoslovakische Explosiv-Stoff A.G.,
Prague

Ing. Anton KIES, Sartin
Technical Control Director of the "Explosiv",
Czechoslovakische Explosiv-Stoff A.G., Prague

Josef BENES, land owner, Budapest

Ferdinand HLOCH-ZAUER, sugar industrialist,
Castle Jan Zvezdovec near Prague,

Oskar FEDERER, Moehrisch-Osttau
General Director of the Witkowitz Bergbau- und
Eisenhuetten-Gewerkschaft, Moehrisch-Osttau

Execu-
tive
Committee

EXEMPTION OF EXEMPT FROM ESCROW NO. 21-2348
CONTINUED

(page 8 of original, cont'd)

Ing. Dr. h.c. George GUEZMHER, Vienna
Member of the Verwaltungsrat and technical consultant of the Berg- und Huettenwerkgesellschaft, Prague

Robert HELIBR, Prague
Generaldirektor of the "Solo" Vereinigte Oechoslovakische Zuechnolz- und chemische Fabriken, A.G., Prague

Dr. Nikola KOSIREVIC, Zagreb
Generaldirektor of the Jugoslawische Bank A.G., Zagreb (Group Finanstankovna banka, Prague)

Eulore LEFEVRE, Brussels/Vienna
Solvay & Cie., Brussels

(page 9 of original)

Ferdinand MARESC, Aussig
Prokurist of the firm Ferdinand MARESC, Sylberolith- and Majolikawerke, Aussig

Dr. Max MAYER, Zurich-Zollikon
Former Generaldirektor of the Aussiger Verein

Ing. Bedialov NOVA, retired Minister, Prague
Chairman of the Verwaltungsrat of the Westboehmische Bergbau-Aktion-Verein, Prague

Vilich PAULINY, Neusohl
President and Generaldirektor of the Nationalbank A.G., Neusohl

Dr. Jadvha PAZDERKA, Prague
Former Department Chief in the Ministry of Agriculture, Prague

Ing. Emil PICK, Manufacturer, Ceslau (Sachsen)
Co-owner of the Ceslaer Spiritus- and Kuechnholz-Fabrik

E. PICK, Ceslau, and of the Bohemian-erke
Emil PICK & Co., Ceslau

Franz RINGHOFFER, Prague
Chairman of the Verwaltungsrat of the Ringhoeffertetra-Werke A.G., Prague

Alexander SCHINDLER, Vienna
Generaldirektor of the Export-Fabrikken Schindler & Stein A.G., Bruenn

Dr. Kamil SCHUSTER, retired Ambassador, Prague
President of the Boemische Union-Bank, Prague

Karl SVOBODA, Prague
General Director of the Oechoslovakische Landbank, Prague

Frédéric SMARTS, professor at the University of Ghent
Solvay & Cie., Brussels

TRANSLATION OF EXCERPTS FROM DOCUMENT NO. RI-10438
CONTINUED

(page 9 of original, cont'd)

Board of
Directors:

Docent Dr. Antonin BASCH, Prague 1) Generaldirektor
Dr. Ing. Viktor ETTEL, Chemist, Technical manager
Aussig 2) Director
Isidor EISENBRUCH, Prague
Up to now the head of the representative
office Vienna.

of 1) BASCH (born in 1896), in 1918 was assigned as an official in the Compensation Department of the Czechoslovak Ministry of Commerce. Soon afterwards he became the Chief of the Berlin Office of the Department for Foreign Trade; at the same time he also acted as Commercial Attache at the Czechoslovak Embassy in Berlin. In 1923 BASCH became the Secretary of the Chamber of Commerce Control Office in Prague. In 1926 BASCH transferred to the Czechoslovak National Bank in Prague, for which he created a Department for the study of the Economic Science, and he became its Director in 1932. In 1933, upon instigation of the Czechoslovak Government and the Fivnoatonska banka, he was admitted to the Board of Directors of the Auselger Verein, the leadership of which he assumed as of 1 January 1933, after the removal of Dr. Max MYER. BASCH is Docent for Economics at the Charles-University of Prague.

of 2) ETTEL, formerly a Colonel in the Czechoslovak Ministry of War (Chemical Warfare Department), assumed the technical management of the Auselger Verein in 1933.

(page 10 of original)

| | |
|---|---|
| Carl <u>SCHAEFFLER</u> , Prague | Director |
| Ing. Josef <u>BRUNNER</u> , Falkenau | Works-manager at Falkenau |
| Dr. Friedrich <u>SRE</u> , Aussig | Department Chief |
| Emil <u>TAMKE</u> , Prague | Department Chief |
| Dr. Karl <u>PARTINEK</u> , Prague | Department Chief |
| Josef <u>RIEDL</u> , Prague | Assistant Director |
| Gustav <u>SCHARNAGL</u> , Prague | Assistant Director |
| Ing. Walter <u>BECKMANN</u> , Aussig | Assistant Director |
| Doc. Dr. Ing. <u>VILHELM SEDLA</u> , Hruschau | Assistant Director Works-manager at Hruschau |
| Dr. Ing. Herbert <u>AVERBACH</u> , Chemist, Aussig | Prokurist |

TRANSLATION OF EXCERPTS FROM DOCUMENT No. NY-10368
CONTINUED

(page 10 of original, cont'd)

| | |
|---------------------------------|-----------|
| Otto HEINRICH, Falkenau | Prokurist |
| Vaclav KLIMES, Prague | Prokurist |
| Dr. Jan KRAJIC, Prague | Prokurist |
| Dr. Paul LINCKE, Prague | Prokurist |
| Ing. Robert NITSCHMANN, Aussig | Prokurist |
| Dr. Hans RICK, CHEBIST, Prague | Prokurist |
| Dr. Rudolf RIPA, Aussig | Prokurist |
| Dr. Leopold SCHILTSCHER, Aussig | Prokurist |
| Dr. Heinz SCHMIDT, Aussig | Prokurist |
| Konrad SEDLITSCHER, Prague | Prokurist |

Capital stock: Kc 75,000,000.-
(375,000 shares at Kc 200.- each)

Large stockholders: 1) Zivnostenska banka, Prague majority 2)
Solvay & Cie., Brussels appr. 10%
"Solo" Vereinigte Tschechoslowaki-
sche chemische Werke
und chemische Fabriken A.G.,
Prague 10.6%
"Explosiv" Tschechoslowakische
Explosiv-Stoff A.G., Prague 10.6%
"Synthesol", chemische Werke A.G.,
Prague 5.5%
Tschechoslowakische Agrarbank, Prague

Dividends: 1928-30: 20%; 1931-35: 10%; 1936:
11.5%; 1937: 12.5%

-
- ad 1) The large Czechoslovak stockholders of the
Aussiger Verein are combined in a syndicate,
which is under the leadership of the
Zivnostenska banka, Prague.
- ad 2) The majority of the Zivnostenska banka,
Prague, is based on their own holdings of
stock, the holdings of stock of the syndicate
of the large Czechoslovak stockholders
under its leadership, and stock deposited
with them by small stockholders.

.....

(page 15 of original)

.....

The gross profit has consistently increased since
the nadir caused by the crisis of 1932 and has

TRANSMISSION OF EXCERPTS FROM DOCUMENT No. HI-10468
CONTINUED

(page 15 of original, cont'd)

surpassed in 1937 the highest pre-crisis level of 1935 by 25%. Since 1929 every year almost one half, last year one third of the gross profit was used to cover deductions for depreciation. From the net profit, thus intentionally kept low, only 10% were paid as dividends during the years from 1931 to 1935 on the unusually low capital stock; for 1936 dividends of 12.5% and for 1937 12.5% were paid.

Sales: The total sales of the Aussiger Verein (not including the subsidiary companies) in 1937 amounted to approximately to 600 to 700 millions (i.e. 5% of total production of the Czechoslovak chemical industry in the stricter sense of the word (i.e. not including the mineral oil refineries and the soap, oil and fat industries, but including the rayon industry), which may be assumed to amount to Kč 1,500 to 1,600 millions. The whole group of the Aussiger Verein (i.e. including all the enterprises of the Czechoslovak chemical industry in the strict sense, in which the Aussiger Verein participated) certainly represents more than three fourths of the value of the total production. The sale of coal-tar dyes by the Aussiger Verein in 1937 amounted to appr. to 50 millions (i.e. 4.3 millions); of that, appr. to 13 millions (i.e. 1.1 millions) represents clear dealers' sales.

On the average, the sales of the Aussiger Verein in 1937 were 15% higher than those in 1936. The increase in sales however stopped suddenly in October 1937; since then, sales have dropped.

.....
(page 17 of original)

.....
Plants: Aussig, a.s. (Usti nad Labem) ²⁾
Nitrogen (H.B.C. process, capacity: 1000 tons per year)
Coal-tar dyes and auxiliary dye products
organic and inorganic chemicals
Caustic potash
Printing inks
Titanium-white (capacity 700 tons per year; production in 1937: appr. 420 tons)
Bruschnau (Srusov) ¹⁾

TRANSLATION OF EXCERPTS FROM DOCUMENT NO. BI-10208
CONTINUED

(page 17 of original, cont'd)

Sulphuric acid, oleum, sodium sulphate, soda crystals
Epsom salt, ferrous sulphate, thallium sulphate,
zinc sulphate
Hydrochloric acid, zinc chloride lye
Hydrosulphite, sodium sulphide
Activated charcoal
Lithopone (capacity: 8000 tons per year; production
in 1936: 6100 tons)
ZnO white
Iron oxide pigments
Falkenau a. B. (Falknov nad Chri) 2)

Carbide (Capacity: 25 000 tons per year II)
Nitrogen of lime (Capacity: 7000 tons per year I)
Ferrous alloys
Dissous gas
Hydrogen peroxide
Electro-chemical and electro-thermal products;
Chlorates
Formic acid (BOM: capacity: 1000 tons per year)
Oxalic acid (Capacity: 750 - 1000 tons per year)
Ferrate of lime

A plant for the production of fused cyanides is
under construction. Electrical power plant (appr.
40 000 HP)

nd 1) Kruechtel lies in Silesia.

nd 2) Aussel, and Falkenau lie in the Suetkon
mountains in Bohemia.

CERTIFICATE OF TRANSLATION

15 September 1947

I, Ernst LOWE, B 397927, hereby certify that I am
a duly appointed translator for the German and
English languages and that the above is a true
and correct translation of excerpts from Document
No. BI-10208.

Ernst LOWE,
B 397927

I.G. BERLIN NW 7
Unter den Linden 82

To
all the Vorstand members
of I.G. Farbenindustrie Aktiengesellschaft

| Your Reference | Your Letter of | Our Reference | Date |
|----------------|----------------|---|-----------------|
| | | Office of Commercial Committee Co/v. 82 | 21 Sept 1938 |

Subject: Location of the chemical industry in Czechoslovakia.

Referring to the discussion at the Vorstand meeting held on 16 September 1938 in Frankfurt, we send you a preliminary statement of the "Location of the Major Chemical Plants in Czechoslovakia" compiled by the Political Economy Department (Volkswirtschaftliche Abteilung). On this occasion we should like to point out that at the end of July the Political Economy Department also completed a new report on "Verein fuer Chemische und Metallurgische Produktion, Prague (Lassiger Verein)" which may be obtained from the Political Economy Department on direct request.

OFFICE OF THE COMMERCIAL COMMITTEE

(Signature) Krueger

1 Enclosure

CERTIFICATE OF TRANSLATION

I, Iona A.L. Macleod, CEP 38347, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of the Document No. NI-10725.

9 September 1947

Iona A.L. Macleod
CEP 38347

TRANSLATION OF DOCUMENT NO. HI-3781
OFFICE OF CHIEF OF COUNSEL FOR WAR
CRIMES

Dr. H. Kuchne
Member of Vorstand of
I.G. Farbenindustrie-
Gesellschaft.

Leverkusen - I.G. Werk,
28th September 1939

Director Dr. ter Meer,
Director Dr. von Schnitzler.

Dear Sirs,

I learned from our telephone conversation this morning the pleasant news that you have succeeded in making the competent authorities appreciate our interest in Aussig and that you have already suggested Commissaries to the authorities - viz. Dr. Vorster and Kupler. I made a note of the fact that you were unable to discuss this operation with me in advance. I am in agreement with your choice of these gentlemen. I assume as a matter of course that the two gentlemen whom you nominated as Commissaries will maintain the closest contact with the Commission appointed by us for the Aussig affairs. As you know, we have a series of agreements in both the sales and manufacturing spheres; I may remind you, for instance, of the agreements made in the spheres of titanium white and activated charcoal etc.

With kindest regards,

Yours,

(signed) Kuchne

CERTIFICATE OF TRANSLATION

I, Mona A. W. Macleod, NEP 54397, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of the Document No. HI-3781.

5 August 1947

Mona A. W. Macleod
NEP 54397

116

29 September 1938

| | | |
|------------|---------------|---------------|
| To Messrs. | Dr. TER MEER, | Frankfurt/W. |
| | Dr. KUHNLE, | Leverkusen, |
| | Dr. ILGNER, | Berlin NW 7. |
| | Dr. WURSTER, | Ludwigshafen. |

Dear Sirs,

You are informed about the general principles of the discussion which I have had at the end of last week with the Ministry of Economics; with Mr. KEPPLER, Secretary of State, and with the German Economical Board of the Sudeten-area, as to the situation of the Aussig-Union. The negotiations have been successful insofar as all parties acknowledged that as soon as the German Sudetenland comes under German jurisdiction all the works situated in this zone and belonging to the Aussig-Union, irrespective of the future settlement of accounts with the head office in Prague, must be managed by trustees (commissioners) "for account of whom it may concern". I pointed out that, in the first place the works Aussig and Falkenau are involved, and that, at least, the firm Aussig, but suitably also Falkenau, should be run exclusively by I.G., and that therefore I.G. already now, would lay claim to the acquisition of both works. With reference, above all, to the Aussig-Works, only those products would be manufactured, which I.G. would be able to carry on competently. Only I.G. in Germany is producing aniline dyes and titanium white, and that among the intermediate products made in Aussig by far the greater part is manufactured by the I.G. Relations to other firms only played a subordinate part. Before coming to an understanding in regard to ownership, it would be necessary to maintain the technical and commercial activity by expert commissioners, and these commissioners can only be furnished by I.G. In accordance with TER MEER I proposed Dr. Carl WURSTER for the technical part and Dr. Hans KÜBLER for the commercial part. This program was accepted by both the Ministry of Economics and the Foreign Organization of the N.S.D.A.P. on behalf of which Mr. SCHLOTTEMER himself (Ministry of Economics) could act. Difficulties only arose with the German office of Economics of the Sudeten-area. With the director of this office, Mr. RICHTER, engineer by profession and domiciled in Aussig, I spent several hours on Friday evening. He could be convinced of the truth of all our arguments except on the one point on which he did not deem it necessary at the present time to appoint a technical commissioner holding far-reaching powers for eventual changes to be made. He is rather of the opinion that among the Sudeten-German managers who remained in the works there ought to be found some persons apt to carry on the production in the works during the transition period, if only the I.G. would take care of the commercial side, after the Czech-Jewish management in Prague has no more authority. Already in the course of the above-mentioned conversation, Mr. JOH. BRUNNER, manager of the works in Falkenau, was mentioned as the possible technical commissioner, and on Saturday morning, after Mr. RICHTER had in the meantime called on the Ministry of Economics, the chances of Mr. BRUNNER were improved to such a degree that I was given, although in friendly terms, the option of either consenting to the combination BRUNNER/KÜBLER or of seeing my whole plan destroyed altogether. The discussions which I have had in the meanwhile with Secretary of State KEPPLER, did not bring matters to a head. Thus I considered to act in the interest of promoting this delicate matter by consenting to the fact that Mr. KÜBLER should try, jointly with Mr. BRUNNER, to keep the production of the works running for a certain transition period.

TRANSLATION OF DOCUMENT NO. NI-3722
Cont'd

I added, however, that very soon it would prove absolutely necessary for the I.G. to take both these works, at least the Aunsig factories, in their own hands. No objections were raised to this effect.

I shall report again as soon as I shall have received the official letter concerning the appointment of the commissioners. In the meantime may I propose to you to invite Dr. WETTER-ANDREAS into our commission as head of the chemical sales organization.

With kind regards

Yours

(signed) G. v. SCHNITZER

CERTIFICATE OF TRANSLATION

I, HILDE MAYER, AGO NO. D 429874, hereby certify that I am thoroughly conversant with the English and German languages; and that the above is a true and correct translation of Document No. NI-3722.

HILDE MAYER
U. S. Civilian
AGO NO. D 429874

END

(Page 3 of original)

To: Geheimrat SCHMITZ, Berlin

Referring to today's telephone conversation I beg to hand you enclosed copy of our letter to the N.S. Volkswohlfahrt (N.S. Public Welfare) for your kind information. To increase the effect by a quick contribution, we posted the letter at once.

The individual works managers have already been informed.

(Translator's Note: Handwritten Note.)

(Signed) HOYER

22 September 1936

(Page 5 of original)

Office of the Central Committee

22nd September 1936

Personal

Dear Sir.....

We beg to inform you that after having talked over the matter with Geheimrat SCHMITZ we have placed the amount of RM 100,000.— at the disposal of the Sudeten German Relief Fund as well as for purposes of the Sudeten German Free Corps, for the whole I.G. centrally.

Heil Hitler
Office of the Central Committee

(Signed) HOYER

Dir. Dr. GAJEWSKI
Prof. Dr. BOERLEIN
Dir. Dr. v. ANTERLEM
Dir. Dr. KRAUCH
Dir. Dr. ter MEER
Dir. Dr. SCHNEIDER
Dir. Dr. v. SCHNITZLER
Dir. Dr. WURSTER
Dir. Dr. ANCHOS
Prof. Dr. LAUTENSCHLAGER
Dir. Dr. JACOBI
Dir. Dr. NIEMKE
Dir. Dr. BUERGEL
Dir. Dr. ILGNER
Dir. Dr. OETZ
Dir. OTTO
Dir. Dr. SCHARF

TRANSLATION OF EXHIBITS OF DO ORDET
NO. NI-1318
Cont'd

(Translator's Note: Initial: H (I) for Haupt)

To
Firm I.G. Farbenindustrie A.G.,
Frankfurt (Main)

Re: Sudeten-German Air program.
Your letter of 22 September 1938 - Dr/E.C./Office of Central Committee

I wish to express my most sincere thanks for your promise of making
available a contribution of

RM 100,000.--

in favor of the Sudeten-German Aid program.

(Translator's Note: Round stamp with
Swastika: NSDAP - Reich Directorate
Head Office for Public Welfare)

Hein Himler
(Signature) HILDEBRANDT
Chief of Head Office

(Type B of original)

(Translator's Note: Handwritten memo)

To: Kommerzienrat WAIBEL.

After a telephone conversation with Kommerzienrat SCHMIDT I.G. will make RM 100,000.--
available for the Sudetendeutsche Hilfswerk (Sudeten German Aid Program) and
Freikorps (Free Corps). I should be obliged if you would sign this letter.

(Signature) HOYER

CERTIFICATE OF TRANSLATION

I, DOROTHEA L. GALEWSKI, M.P. NO. 34079, hereby certify that I am thoroughly
conversant with the English and German languages; and that the above is a
true and correct translation of Document No. NI-1318.

DOROTHEA L. GALEWSKI
M.P. NO. 34079

END

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CORRESPONDENCE RELATING TO CONTRIBUTION MADE BY FARBEI FOR
GOVERNMENT'S USE IN SUDETENLAND

(Stamp: S.A. BUREAU - 1 Oct. 1938)
(Handwritten initial: S.)

Telegram

30 September 1938.

To the Fuehrer und Reichskanzler Adolf HITLER,
Berlin:

Profoundly impressed by the return of Sudeten-Germany to the Reich which you, my Fuehrer, have achieved, the I.G. Farbenindustrie A.G. puts an amount of half a million Reichsmark at your disposal for use in the Sudeten-German territory.

(Sgd.) Hermann SCHMITZ.

Copy to Geheimrat SCHMITZ, Dr. HIGER, Direktionabt., 24-Buro,
Frankfurt a. M.

(Stamp: S.A.-BUREAU - 4 Oct. 1938)

DER STAATSMINISTER UND CHEF DER PRASIDIALKANZLEI
DES FUHRERS UND REICHSKANZLERS,
Vossstrasse 1, Berlin W 8, 30-9-1938
(Date crossed out and substituted
by 4/10 (4 Oct.))

My dear Geheimrat!

(Handwritten note in left margin: After discussion with Mr. TELFORD and Mrs. WETTER, Berlin does not transmit since amount has to be charged to my account.)

(Further down on left margin handwritten note: Initialed already in Zefi 3 Oct. 1938)

The Fuehrer and Reich-Chancellor has asked me to send you his sincere thanks for your telegram and the contribution of an amount of 500,000 RM. in favour of the Sudeten-German territory.

The Fuehrer has transmitted your contribution to the Sudeten-German Helpwork; I have to ask you on his behalf to transmit the amount to Postal check account Berlin No. 58680 with Bank der Deutschen Arbeit, Berlin W 30, Gaisbergstr. 43, with reference to "Contributions in favour of the Sudeten-German Refugees Work."

Heil Hitler!

Yours obediently,

(Sgd.) Dr. WEISSER.

To Geheimrat SCHMITZ
I.G. Farbenindustrie A.G.
Berlin NW 7
Unter den Linden 82.

TRANSLATION OF DOCUMENT NO. NI-2795
OFFICE OF U.S. CHIEF OF COUNSEL
FOR WAR CRIMES. (CONT'D).

I.G. FARBENINDUSTRIE AKTIENGESELLSCHAFT, FRANKFURT (MAIN) 20

To: Minister of State and Chief of the Presidential Chancery
of the Fuehrer and Chancellor, Dr. MEISSNER.

Berlin W 8., Voss-Str. 1.

Z.A.-Buero 4 October 1938

"Sudeten-German refugee relief fund".

("Sudetendeutsches Fluechtlingswerk")

My dear Minister of State !

Geholrat SCHLITZ, Berlin, informed us of your letter of
30 September 1938, addressed to him.

We beg to inform you that we have today paid the promised
amount of RM 500,000 as desired, to Bank of German Labour,
Berlin W. 30, Gaisbergstr. 43, as a gift for the Sudeten-
German relief fund.

Heil Hitler !

I.G. Farbenindustrie Aktiengesellschaft

(Signed) WEDDER-ANDREA

(Signed) HOYER

* Dank der Deutschen Arbeit

I. G. FARBENINDUSTRIE AKTIENGESELLSCHAFT, FRANKFURT (MAIN)

*Directly
To Bank Department *Via special bookkeeping Dept. to } *Under-
Bank Dept. } line cor-
*Via Central bookkeeping Dept. to } rect then
Bank Dept. }

Order NO. A * 121112

for Payment/Transfer of

Document
NO. 950 h

Foreign currency

Marks 500,000.00

in words: Five hundred thousand Reichsmarks

to: Bank der Deutschen Arbeit, Berlin W 30, Gaisbergstr. 43

(Printed: If necessary state here the bank connection
of the beneficiary)

(P.S. Berlin NO. 686 80)

"Spendo fuer das Sudetendeutsche Fluechtlingswerk" (Gift
in account for: for the Sudeten-German Refugee Project), in
accordance with our letter of today.)

by order of:

charge to: Central Office for Donations and Membership payments
(Spenden u. Vereinsstelle-Zentralstelle) Account NO.64201

TRANSLATION OF DOCUMENT NO. NI-2795
OFFICE OF U.S. CHIEF OF COUNSEL
FOR WAR CRIMES. (CONT'D.)

Assigned by: HOYES

Department: Z.A.-Office

Date: 4 October 1938

Received above amount:
Frankfurt (Main),-----
(Stamp)*Paid, 4 October 1938
through transfer to Deutsche
Laenderbank, Bln.*
.... initial.)

Copy.

WINTER RELIEF FUND OF THE GERMAN PEOPLE,
Berlin SO. 36, Maybachufer 48-51

The delegate of the Reich
(Reichsbeauftragte)

Berlin, 6 October 1938

File Number: IM - 190/10

To the

Chairman of the Managing Board of Directors
(Vorsitzenden des Vorstandes) of the I.G.
Farbenindustrie A.G.

Gehelirat Dr. SCHMITZ

Berlin NW 7

Unter den Linden 82

Re: Sudeten-German Relief fund
(Sudetendeutsches Hilfswerk).

My dear Gehelirat!

I beg to acknowledge with thanks receipt of your
letter of 30 September, with the copy of your telegram
to the Fuehrer and Chancellor.

It has given me sincere pleasure that for the relief
of the misery of the Sudeten-Germans you have through the
intermediary of the I.G. Farbenindustrie, made available
an amount of

Marks (RM) 500,000.00

and I beg to express to you my heartiest thanks for this
gift.

Heil Hitler!

(Signed)

HILGENFELDT

Delegate of the Reich for the VHW
(Reichsbeauftragter fuer das VHW)

TRANSLATION OF DOCUMENT NO. NI-2795
OFFICE OF U. S. CHIEF OF COUNSEL
FOR WAR CRIMES (Cont'd)

CERTIFICATE OF TRANSLATION

I, JOSEPH J. BOLL, AGO NO. A-44-412, hereby certify that I am thoroughly conversant with the English and German languages; and that the above is a true and correct translation of Document No. NI-2795.

JOSEPH J. BOLL
U. S. Civilian
AGO NO. A-44-412.

E/Th/454

26 August 1939

(Pencil Note: Frau SCHLUMPF)

(Pencil Initial: E? for HUEBCKE?)

Dear General CHRISTIANSEN,

We are pleased to be able to inform you that the Vorstand (Executive Board) of our corporation has decided to place a single contribution of RM 50,000.-- at your disposal in the interest of the mobilization of the National-Socialist Air Corps.

We beg you to let us know where the amount shall be paid.

With the German salute

Heil Hitler!

I.G. FARBENINDUSTRIE AGRIENGESELLSCHAFT

(Translator's Note: Handwritten in Pencil) Srd. H. SCHMIDT Srd. KRUGGER

General of the Air Force Fr. CHRISTIANSEN,
Korpsfuehrer des Nationalsozialistischen Fliegerkorps
(Corps leader of the National-Socialist Air Corps)

BERLIN W. 15.
Meierstrasse 8/9.

Copy.

Berlin W 15, 30 August 1939

Meierstrasse 8-9
Tel. 91 8391

Der Korpsfuehrer
des Nationalsozialistischen Fliegerkorps
General der Flieger CHRISTIANSEN
(The Corps leader
of the National-Socialist Air Corps
General of the Air Force CHRISTIANSEN)

(Translator's Note: Pencil Initial:
E? for HUEBCKE?)

To:
Vorstand of the I.G. Farbenindustrie
A.G.,

Berlin SW 7
Unter den Linden 62.

Dear Geheimrat (Privy Councillor) Doctor SCHMIDT,

I hereby acknowledge with thanks receipt of your letter of 26 August 1939, stating that you will place a contribution of RM 50,000 at my disposal for the Mobilization of the National-Socialist Air Corps.

-2-

TRANSLATION OF DOCUMENT NO. NI-4710
Cont'd

Not only did you give me great pleasure with that contribution, but above that you did me a great service! I beg you to place the amount at my disposal in form of a cheque.

I should like you to thank all those concerned once more and remain with friendly regards and

Heil Hitler!

Yours

Signed: Fr. CHRISTENSEN.

CERTIFICATE OF TRANSLATION

I, DOROTHEA L. GALEWSKI, AGO NO. 34079, hereby certify that I am thoroughly conversant with the English and German languages; and that the above is a true and correct translation of Document No. NI-4710.

DOROTHEA L. GALEWSKI
AGO No. 34079.

END

-2-

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Management Division
Farben

Strictly confidential

Frankfurt/Main, 19th June 1940

Memorandum for the files

Preparations for the reshaping of the economic relations in postwar
Europe

The deputy chief of the Examining Board (Prüfungsstelle) of the chemical industry, Mr. Born, gave the undersigned the following confidential information:

Ministerialdirektor Schlotterer was nominated Generalreferent (general expert) for Demobilization in the Reich Ministry of Economy. Ambassador Ritter was entrusted with the same task by the foreign office. The Examining Board of the chemical industry was commissioned by Mr. Schlotterer to submit to him as soon as possible a survey of the chemical industry in the following countries:

France
Switzerland
England
Holland
Belgium
Denmark
Norway

Special attention was to be paid to the cartel relations, the degree to which German firms participate in them and the extent to which they have developed without German participation.

Mr. Born asked for a condensed report on the three-party and four-party cartel and its relations with other European dyestuff producers to be sent to him for the Sparte.

If Farben had any special suggestions to make with regard to the lines on which the manufacture of dye-stuffs was to be organized in future in the countries in question, it would be useful if they would bring them forward on this occasion. (It was stated in confidence that Herr U. remarked during the conference with Herr B. that European dye-stuff production after the war would probably be under the

management of Farben).

At Mr. Born's request Director von Heider for the chemical sector was notified to this effect. Following the discussion with Mr. Born, Mr. Henco asked the undersigned to have a talk with him; and discussed in particular detail relations with the Swiss dyestuff industry. The undersigned informed Mr. Henco of the present situation, namely that although Switzerland had discontinued its sales to certain Eastern and South Eastern European countries with which it had no clearing agreement, or with which the Swiss clearing functioned badly, that it had, however, maintained its deliveries in full to the important markets of France, England and USA, through local production places, and had been enabled by its large stocks of supplies to do business on at least the same scale as hitherto in all other countries--i.e. where it had not taken over part of our business in the countries with which Germany ceased to deal on account of the war. In regard to our future policy towards I.G. Basle, the undersigned stated that this would depend very largely on the attitude to be adopted towards Switzerland by the Reich with regard to economic policy generally.

(handwritten signature)

Kufuss.

END

CERTIFICATE OF TRANSLATION

I, Mona A.H. Macleod, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of Document No. DI-6842.

Mona A.H. Macleod
M.E.P. 38347

9 July 1947

TRANSLATION OF DOCUMENT No. VI-4897
OFFICE OF CHIEF OF COUNCIL FOR WAR
CRIMES

Dr. Georg von Schnitzler

Frankfurt on Main, 20, 21 June 1940

To the members of the Commercial Committee:

| | |
|-------------------------------|------------------------|
| Director Dr. ter Meer | Frankfurt on Main, 20 |
| Director Dr. von Kästner, | Ludwigshafen on Rhine |
| Ministerialrat a.D. Dr. Buhl, | Frankfurt on Main, 20 |
| Director Dr. Aderhub, | Miesbaden-Biebrich |
| Director Bachmann, | Knapsack near Cologne. |

Gentlemen:

C On the 21st of this month, the office of the Commercial Committee sent out invitations for the next meeting of the Commercial Committee on 27 and 29 June this year in Frankfurt on Main. I include a copy of the invitation for those gentlemen who, although not members of the Commercial Committee are herewith cordially invited to be also present on 29 June. The main topic of our conference, described under No. 1 of the agenda as "Report on Economic Policy" (Wirtschaftspolitische Bericht) is the discussion of the problems of economic policy that were made pertinent through the speedy development of the events of war in the west. A specific inquiry has been received from the Reich government requesting that in the shortest possible time a program be developed outlining a system to be established by, and based on, the impending peace treaty, and covering the entire European interests in the field of chemistry. The problem is being considered not only in regard to the relationship with the countries still at war with Germany, but also in regard to those countries which are allied with Germany or which are still neutral. The inquiry deals therefore definitely not only with the future treatment of England and France, but to an equal extent with the South Eastern Area and with Italy.

The above-mentioned gentlemen, ter Meer, von Kästner, and Buhl, have already agreed to participate in the conference. May I ask, also in the name of Geheimrat Schnitz, Dr. Aderhub and Bachmann to be present.

I also request the heads of the other Sales Combines, except dyes and chemicals, to inform their technical assistants of the date, to leave it up to them whether they wish to consider attending the conference.

Heil Hitler!
(signed) G. v. Schnitzler

CERTIFICATE OF TRANSLATION

I, JOHN J. BOLL, AGO No. A-444412, hereby certify that I am thoroughly conversant with the English and German languages; and that the above is a true and correct translation of Document No. VI-4897.

JOHN J. BOLL,
U.S. Civilian,
AGO A-444412.
END

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initials

MINUTES

on the 33rd Meeting of the Commercial Committee
on Friday 28 June 1940 at 10 a.m., and on
Saturday 29 June 1940 at 9.30 a.m.
in Frankfurt/Main, Gruneburgplatz.

The following were present:

| | |
|-----------------|----------|
| von Schnitzler | Chairman |
| Anderhub | |
| Borgwardt | |
| Suhl | |
| Eckert | |
| Fischer (Fritz) | |
| Frank-Fahle | |
| Gattineau | |
| Haefliger | |
| Hanser | |
| Reider | |
| Horstmann | |
| Ilger | |
| Kuepper | |
| Koehler | |
| Klarius | |
| Krueger | |
| Kugler | |
| Lore | |
| Mann | |
| ter Meer | |
| Mueller | |
| Oster | |
| Otto | |
| Terhaar | |
| Weibel | |
| Weber-Andreas | |
| Weiss | |

1.) Economic Policy Report.

Dr. von SCHNITZLER gave a brief survey of the main reasons for calling the meeting on a larger scale, and showed why it was necessary to have an immediate discussion of the effects on industry and industrial policy of the political reorganization which is to be expected.

After Dr. KRUEGER had made a report on the meeting which took place on 19 June 1940 in the Reich Group Industry (Reichsgruppe Industrie) in connection with these questions, and Dr. TERHAAR had made a survey on the

(page 2 of original)

economic situation and the organizational preparations connected with it, and after a detailed discussion, it was decided to investigate the following circumstances:

I. - Establishing economic losses.

The direct losses which the legal predecessors of the I.G. and its Konzern Companies suffered through the Treaty of Versailles:

- a) in France and her colonies,
- b) in England and in the Empire
- c) in the rest of the world.

Branch factories and sales combines which were sequestered count in particular as direct losses, also confiscated stores, seized outstanding debts, claims, bank credits, securities etc., goods transmitted which went astray during the World War or were destroyed, losses of personal property, and losses through the confiscation of patents and trade-marks. (The last item refers only to those sums which can be specifically evaluated, as, for example, the amount at which a patent was auctioned by court order to the credit of an allied power.)

Frankfurt was charged with the preparation of the statements to be made with regard to 1. The management of the dyestuffs section and the management of the chemicals section will keep in touch with the Central Bookkeeping Department and will work, in Frankfurt, on the material available from the statement of losses at the Reich Indemnity Office (Reichsentschädigungsausschuss) for war losses and will make any further necessary enquiries. A statement should also be drawn up, showing the extent of compensation given by the Reich.

The statements which are to be made from Frankfurt cover the group of the former I.G. firms. The corresponding statements for the Konzern Companies are to be made by these companies.

- 2) The indirect losses which the legal predecessors of the I.G. and its Konzern companies suffered from the implementation of the Treaty of Versailles in the territories named in sub-para. 1.

Such losses are to be understood as direct losses, which have been caused, in particular, by:

discrimination in economic regulations, e.g. the most favored nations clause,

tariff policy directed against Germany,

(page 3 of original)

quota policy,

special licences policy,

rights of domicile,

Tax policy

compulsory declaration of country of origin,

measures with regard to patents and trade-marks,

establishment of national industries which have replaced former German imports and which in addition injure the quantity of German imports by third countries,

losses due to decreases in the home market resulting from territorial changes brought about by the Treaty of Versailles.

It is quite clear to the Commercial Committee that it will be impossible to evaluate specifically the indirect losses for the period between the conclusion of peace and today. Rather, it will be a matter of showing, perhaps from available comparative production figures, export and market participation statistics, the extent and significance of the changes which have taken place, and the injury done. It is, for instance, the intention of the Dyestuffs experts to compare their share in world production and in world dyestuffs export before the world war with their share in world production and in world dyestuffs export at the outbreak of war in 1939, citing the amounts and values of the total quantities concerned. This numerical comparison is intended to demonstrate summarily, the extent of the alterations which have occurred and their detrimental effect on the above-mentioned factors.

The statements to be made with regard to 2) are to be dealt with by the Sales Combing and by the Directors of the Konzern Companies.

3) The losses which the legal predecessors of the I.G. and its Konzern Companies suffered when carrying out the armistice terms of 11 November 1918, in compliance with the regulations of the Peace Treaty of Versailles and through the battle of the Ruhr.

These losses are, in particular, damage to and destruction of factories, confiscation of goods in factories, customs duty payable for transfers from occupied to unoccupied territory, injury through the delivery of reparations.

Distribution and compilation of material as in 1).

(page 4 of original)

- 4) Direct and indirect war damage, caused since 1 September 1939.

Material extent and statement of damage as in 1 and 2.

Compilation of the material by the Sales Companies and Konzern Companies and by the plants, in so far as damage to plants is concerned.

II.- Suggestions by the I.G. and its Konzern Companies for economic reorganization.

- 1) Attitude to questions, the settlement of which will presumably take place within the scope of the general regulations of the peace treaties and treaties connected with them:
- a) measures of commercial policy, such as
 customs,
 quotas,
 special licenses,
 certificates of origin and compulsory
 declaration,
 compulsory registration,
 - b) Foreign currency measures,
 - c) Questions pertaining to the right of domicile, and in particular questions of establishing plants, labor permits,
 - d) Taxation measures
 Prohibitive taxation and
 Double taxation
 - e) Questions on the law of patents and trademarks
 - f) Acquisition of licenses, processes and technical experience,
 - g) Taxation of industrialisation,
 - h) Method of treatment of the participation of foreign firms in Germany,
 - i) Questions arising from the control system of the enemy armaments industry in the chemical sector and its internal connections,
 - k) Questions regarding the transfer of the legal residence of international cartels and other organizations,
 - l) Procurement of raw materials and questions connected with this.

With regard to the above questions, all offices of the I.G. in question and Konzern Companies are asked for suggestions on all matters in which they are concerned.

(page 5 of original)

- 2) Proposals which concern the I.G. exclusively, and which would have to be governed by special regulations and agreements.

Examples of such concrete proposals were discussed within the scope of the meeting for all Spartes and the purchasing Board.

For the time being these proposals are to be prepared according to countries, in the following order:

- a) France
- b) Belgium/Luxemburg
- c) Holland
- d) Norway
- e) Denmark
- f) Poland
- g) The Protectorate
- h) England and the Empire.

Proposals which concern other countries are to be prepared in such a way that particulars on every property, prepared by the Economic Department, are to be sent to the Works Combes for an opinion.

All results of investigations into 1) and 2) are to be passed on currently, as they are reached, to the members of the Commercial Committee as well as to the gentlemen invited to the 33rd meeting of the Commercial Committee, and the Wipo. The Wipo, which is associated with the Offices in all these questions, is available to all the I.G.-Offices and the Konzern companies for special information, and when new questions arise, will contact the offices concerned.

An attempt must be made to evaluate and collect material on all questions concerning France by 15 July 1940. It was therefore agreed that all offices concerned should place at least all material on France, before the members of the Commercial Committee as well as before the gentlemen invited to the 33rd meeting of the Commercial Committee and the Wipo by 10 July 1940 at the latest. A conference is to take place during the week beginning 15 July 1940, in which the experts of the Commercial Committee and of the Konzern Companies will take part.

Those above mentioned preparations, in so far as they concern Southern Europe and Scandinavia and the Baltic area, are to be prepared in special discussions; for Southern Europe - provided the technical officials are in agreement - at a Southern-European Committee meeting to be called for 10 July 1940 at 9.30 a.m., at Berlin F 7, Unter den Linden 76, and for Scandinavia and the Baltic area at a discussion to take place on the same day at 1600 hours,

(page 6 of original)

under the direction of Dr. ILGNER, and in which the appropriate gentlemen of the Sales Combine are to take part.

In connection with the fact that Industrial Groups and other industrial trade organisations also enquiries of many I.G. Offices and the Konzern Companies, about the reorganisation of Europe, the Commercial Committee decided that before they were answered, the Vipo was to be informed in every case of enquiries of this kind, so as to ensure uniformity of answers by all I.G. agencies and offices.

2) The Mobilisation Project (M.-Frage).

Names and addresses of importance in connexion with this project are to be sent to the Department for Military Economy, Berlin Nr 7.

3) Participation of the I.G. in German and Foreign Fairs.

After Dr. von SCHWITZLER had demonstrated the importance of fairs at home, it was decided that in spite of the central importance of Leipzig, exhibits are also to be made at important fairs of a regional character. It was established that in pursuance of the decision made at the 15th session of the Commercial Committee on 7 October 1938, participation in the Königsberg fair was to be maintained at all events, and that appropriate exhibitions were also to be made at the Vienna autumn fair.

In this connection, Dr. von SCHWITZLER and Herr OTTO are to discourse about the value of publicity and its practical execution.

4) New Construction and Questions of space.

There is complete agreement that there are no objections to pulling down immediately the building in Berlin, Am Karlsbad 28/29.

5) Colonial Planning.

Dr. FRANK-PAHLE reports on the measures taken by the Offices, and points out that the Sales Combines are represented in Africa by foreign firms to a great extent. The Commercial Committee is of the opinion that with regard to the reorganisational plans discussed under point 1), considerations and preparatory measures must be made by the I.G. Offices as well. Consequently it was decided that an Africa Committee should meet for this purpose, consisting of members of the Sales Combines and of officials of Berlin Nr 7, whose first meeting should take place on 11 July 1940 at 9.30 a.m., in Berlin Nr 7, Unter den Linden 78.

(page 7 of original)

Furthermore, the journey to Africa of Herr SAUER and Herr LINDNER, which was decided upon at the 15th meeting of the Commercial Committee, is to take place as soon as conditions allow it.

In view of the increasing importance of the colonial-economic research, the Commercial Committee recommends an increase in the subsidy to the Colonial Economic Committee, from 5,000 Reichsmarks to 10,000 Reichsmarks.

6) Italy.

Dr. FRANK-FARLE reported on the discussions which Herr PASSARGE had with Professor GIARDINI, President of the I.R.I. (Institute for Industrial Reconstruction), after his lecture at the orders of the German-Italian Student Society on 5 June 1940 in Naples. These discussions were at the request of the Italian Society for Technical and Cultural Exchanges with Germany. The questions arising from this will be discussed in detail. In this connection, Dr. FRANK-FARLE underlined the experiences which he made during his negotiations with Italian Partners.

7) Belgium, Holland.

Dr. von SCHNITZLER reported on his journey to Belgium. Dr. OTTO discussed SEWALD's position under the changed conditions.

8) Sweden, Finland.

Mr. HAEPLINGER reported on the negotiations with the German Offices and the Finnish Governmental delegation, as a result of which a certain quantity of nickel ore is to be guaranteed to the I.G. for German requirements through a trade treaty shortly to be concluded between Germany and Finland. In this connection, the relations with the International Nickel Corporation and the future ownership conditions of the Petsamo will be discussed.

9) Miscellaneous.

a) Afghanistan.

Mr. MAIBEL reports on the development of our export trade to Afghanistan in the field of dyestuffs and pharmaceuticals, and on the wishes of the government there with regard to the reorganization of the sales organization. It was decided to try and maintain the present conditions and only to set up a representation in Kabul for dyestuffs, chemicals and pharmaceuticals if really necessary.

b) Courier Service Abroad.

Owing to the increasing use of the couriers of the Foreign Office for sending I.G. letters abroad, it was decided that the Association of German Courier Employees (B.d.R.A.) should be informed in good time, not only of the journeys abroad of the directors, which, according to a decision made at the 3rd meeting of the Commercial Committee on 7 October 1937, are already being reported for other reasons,

(page 8 of original)

but also of all journeys abroad by I.G. employees, so that the official Courier Service will be relieved accordingly.

Furthermore, a positive attitude should be adopted with regard to the proposal by the Foreign Office for setting up an Industry-Courier-Service.

c) Supplying information to the Press on business reports and business events.

Publications in the Frankfurter Zeitung, which did not originate from the news agency in conformity with the Ministry of Propaganda, give occasion to refer to the fact that all information to the press is to go through the news agency in Berlin No. 7.

d) Future Business Executives for the Southeast.

The Central European Economic Diet has furnished stipends for two-year special courses to train future Business Executives from the Southeast at the Hochschule for World Trade in Vienna. The Commercial Committee has decided to take part in this with a total of 50,000 Reichsmarks, with the proviso that 25 stipends are to be given to sons of business associates of the I.G. and of persons closely connected with the I.G. - primarily with regard to the possibility of obtaining replacements.

e) Institute of Culture in the Southeast.

German Institutes of Culture have been founded in various countries in the Southeast which, in contrast to French and English organisations, do not spread propaganda in the superficial sense, but are for the study of the essential nature, culture, economy and science of these countries. The character of these Institutes is to be mainly scientific.

In place of the various organisations which have hitherto been active in the Southeast, the Cultural Institutes are to unite all endeavours towards political and cultural rapprochement and form a centre of gravity for all inter-state organisations.

These Cultural Institutes will be financed by the Reich; the Foreign Office has however approached Industry. With reference to the special importance of this Institute with regard to the questions of reorganisation of Europe discussed under 1), the Commercial Committee approves an application to the Central Committee (Z.N.) for a contribution of 25,000 Reichsmarks for the above purposes.

The next meeting of the Commercial Committee is fixed for Thursday 18 July 1940 and Friday 19 July 1940 at 10 a.m. in Frankfurt/Main, Gröbenburgplatz.

Berlin 1 July 1940

FF/Be 33/40 Signed v. SCHNITZER signed PLANK-FAHLE.

CERTIFICATE OF TRANSLATION

7 June 1947

I, Arthur McNAMARA, Civ. No. 20 191, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of the document No. NI-5293.

Arthur McNAMARA
Civ. No. 20 191.

Case 6
Correct copy
Doc. 469-1-0
Doc. Bk. 51
19

TRANSLATION OF DOCUMENT NO. NI-4695
OFFICE OF CHIEF OF COUNSEL FOR
WAR CRIMES.

(Page 1 of original.)

I.G. FARBINDUSTRIE AKTIENGESELLSCHAFT
Transmitted by order of Dr. von Helldorf

Ludwigshafen am Rhein
20 July 1946

- 1. Suggestions for the Peace Treaty as regards the protection of industrial rights. (Gewerblichen Rechts Schutzes)
- 2. Position of the German Reich patent in a European economic sphere under German control.

I.

Suggestions for the Peace Treaty as regards the protection of industrial rights (patents & trademarks - Gewerblichen Rechts Schutzes).

According to the preamble to the France-German Armistice Terms the contents of the Peace Treaty will mainly consists of measures of compensation for the illegalities committed by violence against the German Reich itself.

The Peace Treaty will therefore, so far as the protection of industrial rights (Gewerblichen Rechts Schutzes) is concerned, have to provide in the first place for the repair of the damage done to German owners of protected rights as a result of the war-time measures passed by hostile states during the war of 1914-18 by the armistice of 11 Nov. 1918, the Versailles Treaty, military action in the Ruhr and the present war, the most recent of which damages can of course not yet be assessed for the time being. If, for example, as a result of the attitude of our enemies during the world war, trade-marks have been expropriated, they will have to be restored to their former German holders. Such special cases will have to be reported by individual German firms to the proper authorities and they will not be discussed in

(Page 1 of original, cont'd.)

what follows.

The Peace Treaty will, however, have to deal quite generally—just as the Versailles Treaty did—with regulations calculated to restore to normal such conditions as were "distorted" by war emergency legislation affecting the field of the protection of patents, trademarks, and this question will be that discussed below.

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We may start on the basis that these regulations may in general extend equal treatment both to Germans and to citizens of hostile States. In any individual case the question will, however, have to be discussed whether this or that measure, depending upon how it was applied by the Allies in the Versailles Treaty, may be taken as justifying unilateral regulations in favor of Germans.

1.) Re-validations and Prolongations (Versailles Treaty, Articles 306, 307, 308.)

Protective rights patents etc. and applications for patents which have lapsed in consequence of the war are to be restored.

Proceedings pending at the outbreak of war are to be resumed at the request of any interested party at that stage at which they were at that date.

The periods mentioned in the Union Agreement comprising the priority periods current at the outbreak of war and other periods current at this time, e.g. periods for payment, periods for appeals etc., must be prolonged for a certain time—from six to twelve months— from the date of the Peace Treaty, in order that the delays incurred as a result of the existence of hostilities may be made good. In such cases extra charges for delays will have to be waived.

At that time England for her part to some extent weakened the provisions of the Versailles Treaty, which similarly envisaged the prolongation of priority periods, by counting the time between the priority date and that of actual application against the length of validity of the patent. Care must be taken to see that no such machinations are introduced.

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The question must be examined whether the rights of third parties acting in good faith are to be reserved. In view of the fact that, according to the London version of the Union Agreement, rights to priority use cannot arise during the priority period, only such user activities pertaining to an intermediate right of use would come into question in any case as were undertaken subsequent to the expiry of the normal priority period. The date of the armistice should be taken as the latest on which intermediate right of use can arise, since the fixing of the latter date by the conclusion or coming into force of the Peace Treaty might facilitate dishonest transactions.

In general the relatively short duration of the war would tell against the recognition of a right of intermediate use, as in that case the number of cases which would have to be considered in order to establish a right of intermediate use would be small. In this connection it should be observed from the German point of view that the decisions of the Reich Supreme Court make unusually high demands on the bona fides of one who bases claims on intermediate use, and that the forfeiture of a patent owing to failure to pay fees takes place much sooner in England than in Germany; both circumstances, in the case of recognition of an intermediate right of use for the bona fide applicant would as a rule work out to the disadvantage of German and to the advantage of enemy, especially British, citizens.

It should therefore be considered whether the recognition of a right of intermediate use should not be refused and reliance

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placed upon the possibility of using as a remedy the normal compulsory licence provided for in the Union agreement, which enables a German citizen to obtain a licence in accordance with para. 15 of the Patent Law as a rule, in those cases which are worth considering. It would only be necessary to consider the repeal of the three year period of the Union agreement in respect to these cases.

If, however, it should be decided to recognize a right of intermediate use, it will have to be limited to exceptional cases (for example, if use occurs as a result of express official demand and extensive economic interests are involved), as well as limited in extent to the date of the armistice and must depend on the payment of an appropriate royalty.

(Page 4 of original, cont'd.)

If an intermediate right of use is recognized, the question will also have to be examined whether England, which in World War as well as now gave the signal for the attack on the patents and trademarks (industrial protective rights) of enemy citizens, should be worse treated insofar as rights of intermediate use for English citizens should never be recognized, which, of course, leads to the consideration that in such a case discriminatory unequal treatment would in practice perhaps not involve, any particular disadvantage to England.

2.) Prolongation of operational periods (Versailles Treaty, Article 307, Sec. III).

The period of hostilities should not be counted against the operational periods current at the outbreak of war.

It is possible that if this period is merely excluded, the time which will be left for the practical application of the patent after the conclusion of peace, will be too short.

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It is, therefore, necessary to provide that that part of the period within which a patent should be practically applied, which is left after the coming into force of the peace treaty should be, as in the Versailles Treaty - not shorter than 2 years. If this is provided, a special regulation to the effect that the war has to be considered as sufficient excuse does not seem necessary.

It has been discussed whether the legal obligation to use a patent should be abolished entirely. From our own point of view as an exporting country we might answer this question in the affirmative, since article 15 of the German patent law has a correcting effect in favor of German nationals. It would however have to be expected that such a request on our part would point too obviously to our interest in the abolition of the obligation to use a patent and could therefore have the result that in the States whose legislation we cannot influence the regulations in regard to the obligation of applying the patent in practice would be made even more severe.

- 3.) Cancellation of the war measures adopted against Patents and Trade Marks (protective rights) of Germans (Versailles Treaty, Article 305)
-

The Versailles Treaty contained a regulation which was unilaterally in favor of the Allies.

For us it would be sufficient if all war-time measures, especially compulsory licenses granted outside the Union Agreement in regard to the Patents and Trademarks of Germans in enemy countries, would be relinquished and the royalties for the compulsory licenses which have become due in the meantime would be paid to the holders of Patents, etc. In this connection the possibility of an adequate increase of inadequately low compulsory license royalties should be provided; an arbitration court should

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be appointed for this purpose on which the Germans should be in the majority. In those cases where the requirements for a compulsory license according to the Union Agreement are given, the German holder of Patents and/or Trade Marks of course will have to expect that the compulsory war license will be replaced by a normal compulsory license.

(Page 6 of original continued)

It will have to be considered whether these regulations should also be issued in favor of enemy holders of German Patents and/or Trademarks. Such compulsory (war) licenses could be automatically annulled without harm, and their replacement by ordinary compulsory licenses in economically justified cases could be facilitated through abolition of the three years period, - as described above in relation to the intermediate right of usage - since Art. 15 of the German Patent Law will be sufficient to satisfy all legitimate wishes.

It must be pointed out that the holders of compulsory licenses should not be put in a worse position than the intermediate users, since the compulsory licensee after all has obtained a legal title for the use of the patent, although he obtained it through a special procedure (see also below under 4.).

The question has been raised whether we Germans should reserve for ourselves the right of encumbering German patents of our present enemies with compulsory licenses even after the war and in cases which are not covered by the Union Agreement under the conditions which have been simplified by the war regulations similar to the way the opposing side had adopted in the Versailles Treaty. The regulations of the Versailles Treaty which are concerned were prompted by an absolutely justified feeling of inferiority on the part of the allies towards the German industry. It is certain that

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we will not be prompted by any reasons of the kind. If, however, such stipulations should be made because of exaggerated caution or perhaps only as retaliatory measures, then the completely unfounded impression could be and would be created that the German industry is not in need of such crutches. The above mentioned question should therefore be answered in the negative.

An arbitral tribunal on which Germans are in the majority should decide any contested questions.

4.) Amnesty according to civil and German law for all violations of rights of industrial property committed during the war (Article 209 of the Versailles Treaty).

In the Versailles Treaty, such an amnesty was provided for both parties. But this involves an injustice, since it would put those who simply used patents and trademarks without starting legal proceedings in a better position than those who had a compulsory license conferred on them. An amnesty should not be granted and it should be left to the attorneys to decide whether proceedings according to civil or criminal law are to be started.

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It is advisable to submit such cases also to an arbitral tribunal on which Germans are in the majority, in order to make it unnecessary for the small German inventor and holder of foreign patents in enemy countries to start proceedings at expensive foreign courts.

- 5.) Continuation of license agreements concluded before the war.
(Article 310 of the Versailles Treaty).
-

According to the Versailles Treaty license agreements were considered as cancelled as from the date of the outbreak of war. But the licensee had the one-sided right to demand that a new license be granted;

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the conditions of which should be fixed, in the case of a patent held in an allied country, by the duly qualified court of that country, in the case of a German patent by a mixed arbitral tribunal. As a rule this regulation put the licensee in a better position, since the licensor had to be satisfied with the premature cancellation. This is particularly unjust in those numerous cases where at the beginning of the license agreement valuable unpatented experiences have been passed on and where the royalties which have to be paid up to the termination of the agreement more or less constitute instalments on the purchase price for these experiences have been passed on and where the royalties which

(Page 8 of original continued)

have to be paid up to the termination of the agreement more or less constitute instalments on the purchase price for these experiences. In case of a premature cancellation of the agreement the licensor loses part of the compensation due to him.

It might now take it for granted that generally speaking Germany is licensor more frequently than it is licensee. It is therefore, not appropriate to issue a regulation which by favoring the licensee on principle must, as a rule, be unfavorable to Germany.

If the regulation concerning premature termination would be left unchanged and the licensor and licensee as well as the German and foreign parties would be treated in exactly the same way, then it would have to be feared that such a regulation would favor the subjects of foreign states. Naturally, our opponents will, as a consequence of a lost war, suffer greater economic damage than we

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will. If, therefore, all license agreements were cancelled and our former opponents, were able to ask for the license to be restored, but the conditions to be modified.

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In order to bring them in line with the economic situation then prevailing, then our former opponents would often be enabled thus to enjoy the economic effects of a lost war. We of course do not intend to allow.

Consequently, the proper solution seems to be as a rule to let the license agreements continue in effect. But if one were to try and make this the final regulation, then one would fail in many cases to do justice to German interests. There will be many cases where the German party's demand for modification of the conditions, will be quite justified, for instance in all cases where adjustments become necessary as a consequence of territorial changes.

The proper final solution, therefore, seems to be that licenses, or principle, should continue to exist but that the German party should have the right to demand either their cancellation or modification and that in cases where no agreement can be reached, an arbitral tribunal in which Germans have the majority should make the final decision. It also should be clearly stated that the arbitral tribunal is entitled to create new laws by its decisions, for instance in all above-mentioned cases of territorial changes.

Such, however, is not a solution based on equality but is a one-sided solution.

6.) Protection against expropriation.

If laws and regulations are issued which favor Germans and put subjects of enemy states in a worse position, a regulation should have to be provided against expropriation, similar to the regulation in the Versailles Treaty.

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B. In connection with the peace treaty a number of additional points, which do not concern the settlement of the after-effects of war should be examined and regulated as far as necessary.

1.) An extension of the validity of the patent for the duration of the war does not seem necessary if the war is comparatively short especially as since the Versailles Treaty, which by the way did not provide for an extension, the validity of patents was extended in all countries.

2.) The settlement of the patent problems in the territories which will be accorded to Germany by the peace treaty is not a matter for the peace treaty, but is Germany's affair alone.

3.) It is desirable that agreements could be reached with the nonbelligerent countries similar to the Berno Agreement of 30 June 1920 concerning extension of validity, as Switzerland for instance already now permits such extensions if reciprocity is guaranteed.

4.) The following faults, which have come to light in the practical application of the Patent and Trade Mark laws, but which up to now were not considered, could finally be corrected:

- a) Acceptance of the London version of the Union agreement by all countries participating in the peace treaty, furthermore the actual execution of the London version, especially by issuing appropriate rules on the prerequisite of using the process, thus especially by introduction of the institution of compulsory licence within various countries (France, Italy, Spain).

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- b) Cancellation of several special regulations of various patent laws which in general are directed against German industry for instance especially the following:

- aa) Protection for processes for the manufacture of pharmaceutical products should be made possible in France, Italy in Belgium to the same extent as in Germany.

- bb) Protection for biological processes should be permitted in Denmark.

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- cc) Protection for alloys should be permitted in Holland.
- dd) Protection for non-mechanical processes for finishing textiles and similar formulation of patent claims for chemical production processes should be introduced in Switzerland.

It would not be necessary to amend faults listed in 4.),
if the following suggestion, namely to give the German
Reich Patent greater territorial effectiveness, were
followed.

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The position of the German Reich Patent in a European
economic sphere under German control.

The peace treaty will cause far-reaching changes in the political and economic structure of large parts of Europe. One can perhaps assume that under German leadership a Greater European Area (Europaischer Grossraum) will be established, which besides Greater Germany will include a number of additional states each retaining its own government. This Greater European Area will represent an economic unit and possibly will later have a uniform system of customs duties and currency. One could not possibly retain this diversity of laws for the protection of industrial rights in such an economically unified area.

Of the 35 European states, only Austria and Monaco have no laws for the protection of industrial rights. San Marino and the Vatican city apply the Italian laws to their territory. All other European countries however have their own system of industrial legal protection with their own patent laws, such as the principality of Liechtenstein, the Irish Free state, the British Channel Islands, the territory of Gibraltar and that of Malta. The consequence is: anyone who desires to get full protection covering the whole of Europe, must submit his invention to be patented about 30 times, go through the official procedure with regard to patents about 30 times and then in

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addition has to pay annual fees for the duration of 15-20 years in about 30 different countries, that work is wasted

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alone by the fact that in each of the countries using the examination procedure the patent offices, the inventor and the objectors have to work through essentially similar printed matter.

a. Patents.

The most complete solution which could be regarded as ideal would be to create one uniform patent for the entire European area under German control by regulating the formal and material patent right by a single law, the development of which would be reserved to the German legislator, and the Reich Patent Office would remain in existence as the only patent authority.

1.) Of course the idea is to extend the German patent over the entire area. It might, however, be advisable to deliberate whether ideas from foreign Patent Laws should be incorporated into the German Patent Law which is to form the local basis. In this way the new and uniform law would be created with a certain amount of collaboration by the other countries; it could be easier psychologically to introduce this law than merely to apply the German law. For example, the following unimportant points of the German Patent Law could probably be changed or supplemented:

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Introduction of the principle of "detrimental prior publication" (Nebenbeteiligtheit von Vorveröffentlichungen) of printed matter other than books and periodicals (i.e., of published applications) elimination of the non-detrimental nature of the inventor's own prior publications introduction of the material protection for chemical materials as, among others, the USA, France, Belgium and Italy have it, set periods for the speeding up of the examination procedure, abolition of the date for nullification suits, admissibility of a plea for invalidity of the patent as a defense in law suits.

2.) Without doubt the necessity to introduce German as the official language would arise.

3.) Facts showing that the process was used in any part of the area prior to the granting of the patent should lead to the privilege of previous use being extended to the

(page 14 of original-cont'd)

entire areas; if the previous use was made publicly it should the novelty character of the invention within the entire area.

4.) Suits for violations of patents could be filed with the court of any state within the jurisdiction of which the violation took place and the trial of legal disputes could be suitably centralized at certain courts as is already being done in the Reich. In order to ensure uniformity of decision, only the Reich Supreme Court should act as the court authorized to handle appeals with respect to legal issues; suits for nullification and perhaps, following the Austrian example, also problems concerning dependency, should be judged only by the Reich Patent Office and by the Reich Supreme Court.

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5.) Secret patents would then be given for the entire area only, just as all other patents.

6.) It seems essential to see to it that the rearrangements does not lead to an increase of the costs of the protection by patents, as already now the annual fees as fixed by the German Patent Law are the highest annual fees in existence. The patent offices are at present almost generally regarded as a source of public revenue. This does not seem justified. The fees, taxes, etc. should much rather be calculated only to cover the expenses of the Reich Patent Office. Provisions should be made for the surplus to be used mainly for the improvement of the procedure in patent matters (higher salaries to the members of the Reich Patent Office, travel for information purposes, etc.) The still remaining surplus should be divided among the countries concerned, and this provision would presumably eliminate the stimulus to gain surplus.

Against such a far reaching solution the following objections might perhaps be raised: that in the field of protection for industrial rights it would actually mean the partial abandonment of sovereignty for states belonging to the Grossraum but otherwise remaining sovereign; that this solution could therefore only be imposed by pressure upon conquered countries, that it would present no stimulus to such states whose voluntary joining seems desirable. These objections should, however, be met with the replication that the unification of the economic territory would probably entail far-reaching limitations of the sovereignty of the various countries and that in comparison with this the restrictions in the field of the protection for industrial rights would play a

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relatively subordinate part. In addition, it would seem doubtful whether a territorial border in the field of protection for industrial rights could be maintained if for other economic purposes, for instance with regards to customs, the frontiers were eliminated.

If, however, other and less far-reaching solutions are to be considered, then two possibilities apart from conceivable intermediate solutions are to be mentioned. Above all:

a) The patent laws in the individual states could be retained, but they would have to be coordinated with one another to a great extent; the Reich Patent Office could be appointed as Central Patent Office (as sole authority within the Grossraum for the examination of application and the granting of patents, and the patent rights could be granted either for Germany only or they could include those other countries belonging to the Grossraum for which the inventor desires to be granted protection.

Or:

b) The individual countries could retain their own patent laws, which would only have to be coordinated with one another with regard to certain fundamental provisions; the patent offices in the individual countries could be retained and each country could grant patents for its own territory; at the same time there would exist the alternative possibility for the inventor of taking out a Reich patent, to demand its extension to one or to several countries of the Grossraum in about the same manner as is still practised in various countries with regards to introductory patents.

It could be stated in favor of these solutions that many inventions are meant for the requirements of

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a limited area only and not suitable to have rights granted for a large area (Grossraum) and that it would therefore be appropriate to give the inventor the opportunity of taking out the patent rights as he deems right. This could be objected to because the matter how large or how small the extent of the territory covered by the patent may be fixed, there will always be inventions which

practically will be utilized only in one part of the area, so that it will often be impossible to fix the limits of the territory in which the patent is valid in such a way that it corresponds in all cases to the territorial limits within which every invention can be utilized. On the other hand, the inventor derives great advantages from the retention of the limits of the territory in which his patent is valid and hardly any disadvantages if an appropriate solution of the question of expenses is reached, as recommended above. Neither have inconveniences due to the great size of the territory governed by the uniform patent law been reported from the U.S. towards which fact the solution of the problem of expenses in favor of the inventor no doubt contributed.

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The fact that the two less radical solutions would bring about such diversity and lack of clarity in the patent system within the territory in which a uniform economy is operating, is definitely not in their favor and therefore the advantage gained must appear comparatively small. In addition, these two solutions also involve a certain encroachment on the sovereignty of the countries concerned, and it would therefore be better to reach a sweeping but ideal solution.

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B. Trade marks.

The reasons put forward for the radical solution of the patents problem should serve as basis for the choice of a radical solution of the trade marks problem. Germany could perhaps make a contribution to the unification of the law by giving up her resistance to the unrestricted transferability of the trade mark; the principle of restricted transferability already seems to have been set aside to a certain degree by the authorization of licenses.

C. Registered design.

The institution establishment of registered design is greatly attacked by wide circles of German industry, nor does it exist in Austria, in the Sudetenland, and in the countries on the borders of Germany. It should therefore be considered whether the institution of establishing registered designs should not be abolished; however, the value of patents for apparatus would perhaps be lessened by the fact that the demands on inventiveness would have to be lowered in order to compensate for the gap resulting from the abolition of the registered design.

D. Registered fancy design (Geschmacksmuster).

An established protection of fancy designs exists in the old Reich as well as in the Eastern frontier region, the Sudetenland and the surrounding countries. But in most cases the actual area in which the individual fancy design is used is regionally limited. The reasons which exist for a unification of the kind of patent and trade mark therefore do not exist.

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to the same extent in this case, and therefore it might be as well not to make any change in the sphere of fancy designs.

Questions of transition.

Above, the ideas of a unification of the protection of industrial rights in a large European area are only outlined with regard to the final result to be achieved. In order to come to this final solution quickly, the transition period must be shortened as much as possible. We will not go into the various questions arising from that here. The only question which should be raised is whether the protection of industrial rights existing in Germany, and perhaps also those existing in the remaining countries of the Grossraum, should be extended to the whole area. This could for instance be done with regard to all patents granted in at least two countries of which at least one has the institution of examining the applications formally (Prüfungsland); in doing that, of course, the rights of third parties acting in good faith would have to be safe guarded. It could hardly be advocated that this system be extended further because there is obviously no need to extend with regard to patents existing in one country only, the area within which they are protected only in countries without formal proceedings (Nichtprüfungslandern) would lead to a flood of unjustified patents.

I will not consider "the question" as to whether a similar unifying development of the protection for industrial rights for a large area (Grossraum) under Italy's control could be planned.

CERTIFICATE OF TRANSLATION

We, Dorothea L. Galoski BIR 34079, Walter K. Galowski EIO 20145, hereby certify that we are thoroughly conversant with the English and German languages; and that the above is a true and correct translation of the Document NO. NI-4695.

DOROTHEA L. GALEWSKI, 34079
WALTER K. GALEWSKI, 20145.

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END.

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Letter from Farben to Reich Economic Ministry, August 3, 1940, on
Farben's New Order Plans

Strictly confidential

I.G. Farbenindustrie Aktiengesellschaft,
Unter den Linden 78, Berlin NW 7, August 3, 1940.

Ministerial Director Dr. Schlotterer,
Reich Economic Ministry
43 Behrenstrasse, Berlin W.8.

MY DEAR MR. MINISTERIAL DIRECTOR: Pursuant to various discussions which we have had with you concerning the question of a possible formation of a European economic sphere, the appropriate board of our company has studied through what contributions we might facilitate the planning initiated by you, and to what extent we wish, in this connection, to make special suggestions and express requests concerning our own firm. As a result of these considerations, investigations and preliminary studies have been initiated, which are based on the following fundamental principles:

1. It is thought, basically, that in shaping a major economic sphere in Europe, planning for the chemical field is also required. The objective of such planning is:
 - a) to insure economic independence of said sphere by securing ample supplies for its requirements;
 - b) to regulate the productive forces of said sphere accordingly by planning rational utilization of the existing production facilities, and to adjust them to the present requirements and to foreseeable requirements of the future, in such a manner that particularly mismanagement of available manpower and capital may be avoided.
2. This major continental sphere will, upon conclusion of the war, have the task of organizing the exchange of goods with other major spheres and of competing with the productive forces of other major spheres in competitive markets - a task which includes more particularly the recovery and securing of world respect of the German chemical industry. In the observations and planning to be made in regard thereto, it is necessary to bear in mind especially the shifting and development trends in the international economic forces which resulted from the last war, such as may be seen more and more in the increased influence of the United States in Latin-America, of Japan in the Far East, and of Italy in Southeast Europe and the Near East.
3. Such a major spherical economy, designed for self-sufficiency and its planned position with respect to the remaining economic spheres of the world must, at once, give consideration to all the factors incident to the economic and defense requirements of Greater Germany. These requirements

outside of Europe and which may affect the latter's economic defense potential in the chemical field, should be so arranged as to do justice to the interests of Greater Germany. In this connection, thought is given to cartels, capital investments, and exchanges of experience.

The studies prepared on the basis of this fundamental principle, are divided into a "General Part" and a part which is arranged according to countries.

The "General Part" consists of a study of the situation in the international chemical market prior to the World War, of the situation which developed under the effects of the Versailles Peace Treaty in the years following the World War, and of a brief illustration of the situation of world economic forces which may be expected in the new order of the international chemical market.

The part which is arranged according to countries, includes primarily those countries with which negotiations concerning a fundamental new order may, in keeping with the military and political developments, be expected within a reasonable period of time under the armistice or peace terms, to wit:

- (a) France,
- (b) Holland,
- (c) Belgium/Luxembourg,
- (d) Norway,
- (e) Denmark,
- (f) England and Empire.

Expositions concerning Holland and the Protectorate are likewise being prepared on account of the basic decisions to be expected. Preparatory work has been started for the formation proper of a major European sphere as such including the Nordic and Southeast European sphere as well as Switzerland. The conclusion of said work depends, to a large extent, on concrete knowledge of the ultimate formation of said major sphere. The same applies to the studies already made of questions pertaining to the foreign trade of the chemical industry, within the framework of the major European sphere's relation to other major spheres. In working out the country studies, especially, the following points are taken into consideration even though general regulations encompassing the entire German industry may have to be expected for specific items:

- (a) Measures affecting the commercial policy, such as -
 - Tariffs.
 - Quotas.
 - Licenses.
 - Export regulations.
 - Certificates of origin and compulsory declarations.
 - Compulsory registration.

- (b) Measures affecting the foreign exchange and currency policy.
- (c) Questions bearing on the right of settlement, especially in regard to -
 - Business establishments.
 - Operating licenses.
- (d) Measures affecting the tax policy.

- (g) Treatment of foreign firms in Germany;
- (h) Questions resulting from hitherto internationally interlocked capital, and more particularly from the control system of the armament industry of the enemy in the chemical sector, and connections among such armament industries, as well as from future infiltration of German interests in line with the formation of a major sphere.
- (i) Questions regarding transfer of the main offices of international economic associations, unions, and institutions.
- (k) Supply of raw material and problems inherent thereto.

In view of the ample variety of material to be elaborated upon, and considering the intricacies of the problems to be worked out, some time will be required to take definitive stand to all the questions resulting from the above-mentioned arrangement. Since, on the other hand, a series of questions must be considered as being urgent, we believe to be acting also in accordance with your wishes in submitting first the "General Part" and our exposition on France, for the pending negotiations at Wiesbaden, while we shall transmit expositions of our position with respect to the other questions, individually, as they are completed.

In keeping with the above, we beg to hand you enclosed herewith:

1. The "General Part" referred to above.

Pursuant to a request formulated by the Reich Economic Ministry, a compilation has been added to said "General Part" covering direct damages sustained by I.G. in the form of its legal predecessors and syndicate companies as a result of the Peace Treaty of Versailles. A compilation of the direct and indirect war damages sustained from September 1, 1939, to the present, will gladly be made available to you upon request.

2. The position of I.G. Farben Industrie concerning the questions resulting from the Franco-German relationship in the chemical field in regard to production and sales.

Our exposition on Holland will follow shortly.

Heil Hitler!

I.G. Farbenindustrie Aktiengesellschaft,
(Signed) von Schnitzler,
(Signed) Krueger.

P.S. A letter worded like the above is being sent to the following: Ministerial Director Dr. Bergemann, Ministerial Director Dr. Mulert, Dr. Ungewitter/ Chemical Industry Examining Office (Zavoy) Hammen, German Armistice Delegation.

(Pencilled footnote refers to a paper covering discussions with v. Schnitzler at Wiesbaden of August 9, 1940.)

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NEUORDNUNG, (New Order) General

Strictly Confidential

General Part

The premise for a basic study of both the planning tasks of Greater Germany's chemical industry in the major European sphere and the incorporation of such a sphere into the world economy, is furnished by the realization that, in prewar years, the German chemical industry ranked readily first with respect to both the volume of absolute quantities and values of production and its

Territorial changes, the industrialization of countries which were formerly customers of Germany, and measures which were

intentionally taken by the enemy countries against the German chemical industry, entailed shiftings of unusually great scope to the detriment of Germany.

The effects of said shiftings could be fully illustrated only if reliable and comparable data according to quantities and values for the prewar and postwar years were available on world production in the typical fields of production of inorganic and organic chemistry. Only on the strength of such production figures would it be possible to show to what extent the German chemical industry has lost ground as a result of the World War, and to what degree the adoption of domestic production in numerous countries has affected or prevented German exports. If, in the absence of such production statistics, attempts were made to illustrate the scope of these shiftings on the strength of figures of foreign trade statistics, a study based thereon would involve basic deficiencies, because as a result of the statistically not illustrated domestic production, the volume of world foreign trade in chemicals dropped necessarily from year to year as compared to prewar figures. In this connection, comparability is still further impaired by the fact that, on the other hand, an increasing number of new fields and products with their respective export values appear among export figures.

Nevertheless, a few considerations are given hereinafter, based on foreign commerce statistics:

Germany's export of chemicals in the last prewar year, i.e., 1913., amounted to 910,000 goldmarks.¹ On the other hand, for the year 1924, i.e. so to say the first normal year after peace was concluded, German exports of chemicals are shown amounting to 510,000 reichsmarks. Even though the considerable decrease in German chemical exports would be clearly revealed by a merely superficial comparison of these two figures (which show a decrease of Germany's participation in world foreign trade in chemicals (amounting to 2,730,000,000 goldmark²) from approximately 1/3 in 1913 to approximately 1/5 in 1924 (world foreign trade in chemicals - 3,150,000,000 goldmarks²), while, at the same time, American, French, Italian and Japanese shares [in said world trade/ showed an increase), attention should be called to the fact that the real extent of the decrease of German exports of chemicals, as illustrated merely by the figures, does not in any way correspond to actual conditions. These figures do not show the loss resulting from the fact that - as already emphasized at the outset - major markets such as England, United States (and), Japan, which appeared as importing countries before the World War, have, to a large extent, become capable of supplying their home markets domestically. Thus, if the German share, as it appears for the initial postwar period, is to be considered too favorable because the total volume of foreign trade by which it is measured is relatively smaller than prior to the World War, this German share seems, on the other hand, to be too high also because actual German exports of the first few postwar years already include products which before the World

1. Manuscript of the Association for the Safeguarding of the Interests of Germany's Chemical Industry: "Survey of the Sphere of Activities as of the end of 1928" by Dr. Claus Ungewitter, page 219.

2. Values computed on the basis of official statistics of the individual countries and converted into gold marks, excluding Chile.

War were of no or only of secondary importance in the German export values. Both factors made themselves increasingly felt in subsequent years. If, therefore, the figures for the years following 1924 show a certain renewed increase in Germany's participation in world foreign trade in chemicals - although the German share would never have in a position to revert to the nominal prewar level - this development only seems to indicate a partial recovery of lost German positions. The actual development is much rather characterized by the fact that, despite all the measures which, in those years, were still directed against Germany, the German chemical industry succeeded to a certain extent in finding certain compensation for temporarily irreparable losses by effectively coordinating research and production, business initiative and politico-economic measures, as well as by improving old assortments, creating specialties and completely novel products, and by awakening new consumers' requirements.

For these reasons, the German share in the world's foreign trade in chemicals for 1938, which amounted to approximately one-fourth, appears favorable only at first glance, since it includes the German share in exports of such chemical products as, for instance nitrogenous fertilizers, which, showing approximately 53,000,000 Mk. as compared to approximately 36,000,000 Mk. for 1913, held, prior to the World War, a much smaller share in the chemical foreign trade on the basis of technical production and consumption. This structural change in the chemical foreign trade, and the greater difficulty resulting therefrom in regard to comparability of foreign trade figures, become even more evident when bearing in mind that Germany's total share of approximately one-fourth is partly to be ascribed to the fact that in the German exports for 1938, e.g., the item "pharmaceutical products" shows approximately 127,000,000 as compared to approximately 70,000,000 for 1913, and that the item "photochemical products" shows approximately 32,000,000 as compared to approximately 1,000,000 for 1913. In both of the latter fields the build-up amounts less to a recovery of the positions lost as a result of the World War, than to a typical demonstration of the fact that new fields of consumption have been created in whose development, guidance, and satisfaction the German chemical industry has played a prominent role.

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If, on the other hand, we limit ourselves to considering the development of the German export share in the principal major spheres of the inorganic and organic chemical industry, which are comparable with prewar times, it becomes obvious that the loss sustained as a result of the last war has been a permanent one. This is clearly shown in the decrease of export values for "inorganic chemicals and wood carbonization products" from approximately 186,000,000 for 1913 to approximately 153,000,000 for 1938. The most marked and the heaviest loss which has been sustained by Germany lies, however, in the field of dyes and intermediate products.

Until the outbreak of the World War, organic dyes were produced almost exclusively in Germany - quantitatively 82 % of the total world production. Germany's actual position in the world's dyestuff production is, however, not fully expressed by the share of 82 %, because the German dyestuff factories were forced by France, England, and Russia, through corresponding patent and customs legislation, to conduct part of their production in those countries. This was accomplished through the establishment of branch factories the production of which amounted, for 1913, to approximately 6 % of world production. Germany's share in the world's dyestuff business amounted thus to almost 90 %.

The dyestuff industry of Switzerland, which is practically as old as the German dyestuff industry, produced only 6 % of world production.

Smaller well-established dyestuff plants existed prior to the World

War, only in France, England, and the United States. Minor production activities which, in addition thereto, were in progress in a few countries, were practically of no importance.

The internal structure of dyestuff production which existed outside of Germany prior to the World War, was almost exclusively dependent on Germany's supplying the basic and organic intermediate products required therefor.

The world picture for 1913 appears as follows:

| | Dyestuff production in tons | Percent of total |
|---|-----------------------------------|------------------------|
| Germany. | 157,000 | = 82 |
| German branch factories abroad. | 20,000 | = 6 |
| France | 3,000 | = 1 |
| England. | 5,000 | = 3 |
| Switzerland. | 10,000 | = 6 |
| U.S.A. | 3,000 | = 2 |
| Total. | 157,000 | =100 |

= Mk. 350 - 400,000,000.

World exports in aniline dyes amounted for the same year, to:

| | (page 12 of original document) In tons | In billions of Mk | Percent |
|---------------------------|---|-------------------------|-------------|
| From Germany. | 109,000 | 318 | = 90.5 |
| From Switzerland. | 9,000 | 23 | = 9.5 |
| Total. | 118,000 | 341 | =100 |

In the field of organic intermediate products for the production of aniline dyes, Germany exported in 1913:

| (Tot) | Tons | In thou- sands of Mks. |
|------------------------|--------------|------------------------------|
| France. | 1,087 | 1,151 |
| England. | 421 | 721 |
| Switzerland. | 4,191 | 4,396 |
| U.S.A. | 3,420 | 3,130 |
| Poland/Russia. | 746 | 962 |
| Total. | 9,865 | 10,262 |

The large consumer countries were offered a welcome opportunity by the World War to proceed against Germany's leading position. In this

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connection, England alleged as a reason therefor that the foundation of every chemical war industry could be found in the organic dyestuff production. Thus, "national" dyestuff industries sprang into existence in a series of countries. From the start, these efforts received governmental support through the furnishing of funds at the time of foundation, or through current subsidies. Upon conclusion of the World War, considerable protection was provided through import prohibitions and prohibitive import duties. This protection became even more effective as a result of the anti-German attitude of the consumers which was constantly encouraged.

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This new "national" production in the field of dyestuffs, and the measures which were taken to build up and maintain the same, and which were partly anchored in the provisions of the Versailles Peace Treaty, led to the alteration of Germany's share in the supplying of world requirements of dyestuffs and in the world foreign trade in dyestuffs, as illustrated, in detail in Appendices I and II.

It is thus shown that, as a result of the development of "national" dyestuff industries in many parts of the world, German commerce supplied, in 1938, only about 27 % (quantitatively) and approximately 40 % (according to value) of the world requirements which amounted to approximately 700,000,000 Mk., as compared to approximately 90 % for 1913, and that the German exports of 318,000,000 Mk. (or 90 % of world exports) for 1913 dropped to 126,000,000 Mk. (or 50 % of world exports). On the other hand, based on her prewar share of approximately 90 %, Germany might, theoretically speaking, have had a share of approximately 495,000,000 Mk. in the foreign consumption which, for 1938, amounted to approximately 550,000,000 Mk.

Exports in intermediate products for the production of aniline dyes dropped from approximately 10,000,000 Mk. to approximately 4,000,000 Mk.

The various countries, no doubt, even without the World War, would eventually have proceeded with the production of dyestuffs. Today's extent of non-German production, however, is distinctly the result of the political and politico-economic forces which have been directed against Germany for the last 20 years. The effect of this development goes beyond the field of dyes, because dye chemistry furnished the basis for additional production in the field of organic chemistry such as, particularly, in the fields of auxiliary products for dyeing purposes and auxiliary textile products, pharmaceutical products, vulcanization accelerators, solvents, varnishes, synthetic products, and the like.

The foregoing considerations regarding prewar and postwar situations may, insofar as their ultimate effect is concerned, be summarized by stating that, as a result of the World War, the leading position of Germany's chemical industry in world production and world foreign trade has, in the pertinent fields of large-scale production, resulted in a condition which is characterized by the obstinate defense of the keenly contested markets, against the growing competition of new foreign producers of chemicals who, due to direct or indirect governmental aid, enjoy a more favorable position. The direct damage caused to Germany's chemical industry as a result of the World War, is unproportionately greater than the direct losses of material and other assets of I.G. alone, which, e.g. in the case of seized German claims and stocks, sequestered branch factories, etc., can be expressed by figures. (For a compilation of direct damages, see Appendix.

It will no doubt be impossible to resume where we left off at the outbreak of the World War. Neither can we reduce to its original state, the economic development which in the last twenty years has taken place in the various countries or areas to the detriment of Germany. It will be necessary, therefore, to a certain extent, to accept the deterioration of the German position in comparison with 1914 as being irreparable. It will, however, appear all the more justifiable in planning a major European spherical economy, again to reserve a leading position for German chemical industry commensurate with its technical, economic, and scientific rank. The decisive factor, however, in all planning relative to this European sphere will be the necessity of securing determined and effective leadership in the discussions which must necessarily be conducted with the other major spherical economies outside of Europe, the contours of which are already distinctly drawn at this time.

In order to guarantee that the chemical industry of Greater Germany and the European Continent can assert itself in such discussions, it is urgently required clearly to appreciate the forces which, in the world market, will be of decisive importance after the war.⁴ Their importance is briefly sketched hereinafter:

1. The principal weight of the discussions bearing on a new arrangement of the world market will rest on the relationship with the North American concerns. Forced away from European business for reasons which were effective already prior to the war and which will become increasingly effective after the war, the Americans will do everything within their power to maintain and promote the development of their exports of chemicals, which, during the war, they were able to send to countries other than European. In this connection, appears in the foreground the Latin-American market, the importance of which must be measured not only by the economic volume of prewar sales, but also from the standpoint of economic development possibilities and trends which that part of the American Continent offers in the future. Efforts made by the Americans in the prewar period to increase their sales in the Latin-American markets were largely hampered by difficulties arising from commercial policies, inasmuch as the United States was not in a position to liquidate the credits, accruing to her from exports to these countries, by sufficient purchases from the latter, and inasmuch as said countries, on the other hand, did not have at their disposal sufficient amounts of free foreign exchange to overcome the barrier standing between the balance of payments and the balance of trade. It must be expected, however, that, as a result of war developments, there will be a change in the relationships between the United States of America and the principal countries of the Latin-American Continent and that said change may readily facilitate the position of the American competitors. This applies not only to the field of chemicals. The strengthening of Pan-Americanism will coincide with the effects of the fact that England will now completely lose her role as financier of the Latin-American countries, which was affected quite adversely already after the last war, and that the United States of America will take her place. As a result of increased influx of American capital, Latin-America not only can, but probably will have to buy more in the United States. It will, therefore, depend on the degree of order or disorder of the European economic sphere and on the execution of a determined commercial policy, in how far and at what pace Europe, and more particularly Germany, will be able to rebuild, maintain, and develop its position as a regular "trade partner" in the Latin-American

⁴ The important question bearing on the trend of England's chemical industry in relation to the chemical industry of the European Continent, and the equally significant question of the future position of Switzerland's chemical industry within the major continental sphere, will be discussed within the framework of country studies, as soon as political conditions allow of a more concrete exposition.

Continent. To a certain extent, the statements made with respect to Latin-America might also apply to Canada.

The field, second in importance in the discussions with the United States, will be the countries of the Far East including what is today known as British India and the Dutch (East) Indies.

3. The discussions with the Americans with respect to the Far East will largely center around the fact that, concerning the same sphere, it must be decided in how far the European position can, in respect of Japan, be maintained in the Far East. The weakening of Japanese forces as a result of the Chinese conflict which is still in progress today, may offer trade-political and other opportunities for slowing up or temporarily deferring the crystallization of the economic hegemony which Japan has striven after within the sphere of the countries bordering on the Pacific Ocean. In the long run, however, it must be expected that heavier pressure upon the European economic interests in the Far East will be brought to

bear by Japan - possibly also in connection with the effects of a new era of industrialization in China - rather than by the U.S.A. Probably it is not wrong therefore, to recognize the future trend of East Asiatic trade policy in the difficulties which are today already being encountered, for example, in connection with exports into Manchukuo, Japan and Northern China.

3. It is impossible thus far to take a clear-cut stand with respect to the problem of Italy's chemical industry, since the possibilities of constituting a major Italian sphere cannot as yet be envisaged in detail. On account of the particular difficulties, however, which no doubt will arise in connection with a major Italian sphere and in view of the expansionist efforts of Italy in Southeast Europe and Latin-America, which can already be felt at this time, it is necessary to emphasize already at present that it will hardly be possible, considering the general relationship between Germany and Italy, which may be expected for the period following the conclusion of the war, to negotiate with Italy on the basis of the status quo of times prior to the outbreak of war, instead of seeking increased exports, it is primarily desired to secure a greater share in the supplying of the domestic market.

4. A similar special exposition is likewise being taken into consideration for RUSSIA, which, in this connection should be mentioned as a factor which, if the political conditions remain as they are, is capable of influencing and disturbing the discussions between the European chemical industry and the remaining major spheres.

In evaluating the power relationships described under 1 to 4 and their bearing on the plans to be made, one point which generally affects the economic spheres outside of Europe may not be disregarded. The present war has again started a wave of industrialization in countries outside of Europe. This development not only has a bearing on chemical production directly in the form of new expanding chemical production centers in countries outside of Europe which will affect German and/or European chemical exports, but will, in addition, make itself felt through industries which, with a reasonable period of time, will still spring into existence in these areas which will manufacture such finished products as have until now been imported from Europe, and which will have ample need of chemicals for such manufacture. The requirements for chemicals which for

these purposes are increasing in countries outside of Europe, however, cannot be taken advantage of fully, or at least not at the same prices, because they will be subject to greater competition, particularly by the Americans and Japanese or even by new national producers of chemicals.

The extent and effects of this industrialization wave are being heightened by the fact that European flight capital in such non-European markets, particularly in South America, is seeking investment opportunities, and that such investments are partly supported by (patented) processes as well as by personal and material experiences which have been taken along.

The above outlines are indicative of the extent and importance of the shifting which, as a result of the World War, took place to the detriment of Germany's chemical industry. In addition to the review of past events, there is an illustration of the forces which after the war will have to be faced in serious discussions not only by Germany's chemical industry, but, in the final analysis, by the chemical industry of the European Continent. Both review and outlook show that it is necessary to direct all planning toward a successful conclusion of these discussions, and that diverging interests in European industrial countries which can be influenced politico-economically by Greater Germany, must, to this end, be subordinated to said objective.

This trend of thought is the guiding principle and decisive factor on which we are basing our expectations and suggestions with respect to the individual countries.

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Compilation of direct damages sustained by IG in the form of its legal predecessors as a result of the armistice conditions of November 11, 1918, the provisions of the Peace Treaty of Versailles and the conflict of the Ruhr

(In thousands of Reichsmark)

| | France | Belg. | England & Dominion | Russia | Various countries not specified | Total |
|---|--------|-------|--------------------|--------|---------------------------------|---------|
| (1) Branch factories and sales agencies | 23,574 | 1,465 | 16,580 | 26,711 | 3,697 | 174,138 |
| (2) Securities | 5,955 | | 3,075 | | | 129,031 |
| (3) Stocks, claims, notes | 1,245 | 539 | 11,493 | 3,610 | 4,908 | 21,795 |
| (4) Outstanding claims against customers in enemy countries which were reported to the Reich Compensation Office (Reichsausschuss) | | | | | | |
| Total | 33,760 | 2,512 | 37,891 | 51,154 | 8,605 | 132,912 |
| Loss of exchange and interest on reparation and other deliveries of dyestuffs as per letter sent from Frankfurt/M to the Delegate of the German Accounting Office to the Reichskommissariat for reparation deliveries, Berlin, under date of September 21st, 1925 | | | | | | 70,000 |
| Total | | | | | | 202,912 |

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Documents and vouchers of:

- (1) Badische Anilin- & Soda-Fabrik, Ludwigshafen.- Schlusssentschaedigungsbescheid (final indemnification notice) v. 17.4.1934, Akt IV D, Vergl. 4349 und v. 4.1.35 Akt E 2, VAa 65 263 IV des Landesfinanzamts Berlin als Abwicklungsstelle der Restverwaltung fuer Reichsaufgaben.
- (2) Farbenfabriken vorm. Fr. Bayer & Co., Leverkusen.- Schlusssentschaedigungsbescheid (final indemnification notice) d. Reichsentschaedigungsamts Berlin f. Kriegsschaeden v. 30.11.1929 Akt IV D, Vergl. 4308, Akt. III D und v. 9.9.1929 Akt. D 3 Gruppe fuer Wertpapiere.
- (3) Farbwerke vorm. Meister Lucius & Brumming, Hoechst a.M.- Schlusssentschaedigungsbescheid (final indemnification notice) v. 29.9.1932 Akt IV D, Verl. 4038 der Restverwaltung f. Reichsaufgaben, Berlin.
- (4) Leopold Cassella & Co. GebH, Frankfurt a.M.- Schlusssentschaedigungsbescheid (final indemnification notice) v. 10.1.1933 IV B, Vergl. 10633 und v. 25.7.1931, E, III/IV B 10633 des Reichsentschaedigungsamtes fuer Kriegsschaeden, Berlin.
- (5) Aktiengesellschaft fuer Anilinproduktion, Berlin- Schlusssentschaedigungsbescheid (final indemnification notice) v. 24.9.1930 Akt. IV D, Vergl. 16186 d. Reichsentschaedigungsamts f. Kriegsschaeden, Berlin.
- (6) Chemische Fabrik Griesheim-Elektron, Frankfurt, a.M.- Schlusssentschaedigungsbescheid (final indemnification notice) v. 14.10.1931 Akt IV D, Vergl. 4645 der Restverwaltung fuer Reichsaufgaben.
- (7) Chemische Fabriken vorm. Weiler-ter Meer, Uerdingen.- Schlusssentschaedigungsbescheid (final indemnification notice) v. 17.7.1930 Akt. B, Akt. IV D Vergl. 9349 d. Reichsentschaedigungsamts f. Kriegsschaeden, Berlin.
- (8) Kalle & Co., Biebrich - Schlusssentschaedigungsbescheid (final indemnification notice) v. 20.6.1929 Akt IV D, Vergl. 9530 d. Reichsentschaedigungsamts f. Kriegsschaeden, Berlin.
- (9) Waelffing, Dehl & Co., Barmen- Schlusssentschaedigungsbescheid (final indemnification notice) v. 5.9.1929 Akt II 6A (S) 803 DdA. d. Reichsentschaedigungsamts f. Kriegsschaeden, Berlin.

²In (foreign) enemy countries.

³(10) Schadensmeldung fuer "unpaid balances" beim Reichsaussenwirtschaftsamt, Berlin, laut unseren Buchern. (Damage claim for "unpaid balances" submitted to the Compensation Office in Berlin in accordance with our books.)

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The damages acknowledged by the appropriate official agencies therefore amount to a total of approximately Mk. 133,000,000 to which must be added the 70,000,000 Mk. reported as losses of exchange and interest on reparation and other deliveries of dyestuffs. The approximate amount of Mk. 203,000,000, however, comprises only part of the direct damages sustained by German national economy, because there are a series of major damage items which, at that time, were not reported to either the Reich Indemnification Office or the Reich Compensation Office. In this connection, especially the following items are involved:

- (a) Loss in export values as a result of the computation prescribed by the Versailles Treaty for reparation deliveries at the lowest world market price instead of the normal export price.
- (b) Damages resulting from months of paralyzation of the plants in Western Germany during the time of occupation and the Ruhr action.
- (c) Sanction damages during the conflict of the Ruhr due to collection of duties between the occupied and unoccupied zones.
- (d) Confiscation and expropriation of patents and trademarks, through the enforcement of low rates of compensation for compulsory and other licenses, and through depreciation of the agreed equivalent as a result of currency depreciation.

The effects which the damages, referred to under items (a) to (d) have had on German economy can, of course, not be measured accurately. Their extent, however, exceeds several times the amount on which compensation for damages was based at that time. Thus, for example, an amount of M. 126,000,000 accrues from item (a) alone.

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HEURDUNG (NEW ORDER) for FRANCE

These considerations are based on the fact that, as a result of the industrialization which began in all major states upon the conclusion of the World War, the chemical industry in France also underwent a certain development, the retrogression of which cannot possibly be the last objective in a European new order. In contrast to the great chemical industries of the remaining principal industrial countries of the world (i.e., Germany, U.S.A., England, the French chemical industry was, however, directed in the first place toward supplying the needs of the domestic market, and has made itself felt, in export only in a few fields and even in the latter frequently rather for reasons for prestige than for considerations of economic necessity. Its technical status, viewed from a general cross-sectional standpoint, was also far from being able to meet the requirements of the highly developed domestic standard in France. Regular import requirements were and remained considerable. If, as a result of political and monetary developments, they were reduced in recent years, such reduction did not correspond to the real economic situation. As a matter of basic principle, therefore, we are of the opinion that the French chemical industry should retain its own existence in the coming new order, but that the artificial barriers which have been erected against German imports by means of excessive import duties, quotas and the like, should be removed. It will likewise be necessary to base ourselves on the premise that, in general, exports of the French chemical industry should be maintained only by way of exception and insofar as they had already formally been established, i.e. prior to the beginning of the world economic crisis, and that French activities should consequently be restricted to the French domestic market. In our following considerations we have been guided by the desire to draw up a program designed to ascertain how, on the basis of economically reasonable viewpoints, an economic optimum could be attained through collaboration between German and French chemical industries. In the Franco-German trade treaty of August, 1927 a plank was created for German imports into France which, in general, offered prospects for a successful and economically purposeful activity in France. Due to the fact that said trade treaty, as time went on, became subject to limitations which were opposed to the original objectives provided therein, a limitation was created in recent years which actually excluding activities of the German chemical industry in the French market which would have been commensurate, with both the status of German technique and the French consumers' requirements. For purposes of the new order, therefore, we must base ourselves not on the status quo of imports of the last few years preceding the beginning of the war, but on the period which immediately followed the conclusion of the Franco-German trade treaty, in which the volume of German exports of chemicals to France according to French import statistics, attained an amount of up to 80 billion RM. annually. On the other hand, French exports should be limited to such material and sales fields which correspond to the natural status that has been established for decades and was attained by the time referred to above of the world economic crisis. French exports which, particularly in the last few years prior to the war, were made to all different parts of the world such as primarily to Southeast

Europe, Scandinavia and South America for purely prestige political reasons, should be discontinued as being uneconomical.

Before making suggestions, within the meaning of the preceding exposition, it appears advisable to furnish, for the individual fields of sales, an historic review of the status and development before and after the World War.

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I. DEVELOPMENT AND STATUS OF THE FRENCH CHEMICAL INDUSTRY, WITH PARTICULAR EMPHASIS ON GERMAN EXPORT IMPORTS, ARRANGED BY FIELD OF SALES.

1. DYESTUFFS, AUXILIARY PRODUCTS FOR DYEING PURPOSES, AUXILIARY TEXTILE PRODUCTS.-- The only independent "national" producers of dyestuffs prior to the World War were the following firms:

Societe Anonyme des Matieres Colorantes et Produits Chimiques
Produits Chimiques de St. Denis (formerly Poirrier),
and
Etablissements Steiner, Vernou,
which supplied approximately 10 % of the French consumption of dyestuffs.

The "Gesellschaft fuer Chemische Industrie" at Basle had a branch factory at St. Fons, J.R. Geigy A.G., Basle, likewise had a branch factory at Arcance.

The branch factories of German dyestuff producers which were established prior to the World War under the influence of French patent law and the import duty of Fra 1.00 per kilogram (= 0.81 Mark), to wit:

- Succursale de la Badische Anilin- & Soda-Fabrik, Neuville s/Saone (Ludwigshafen),
- Societe Anonyme des Produits Chimiques Fredr. Bayer & Co., Fiers (Nord) (Levarkusen),
- Compagnie Parisienne de Couleurs d'Aniline, Creil (Oise) (Hoechst),
- Manufacture Lyonnaise de Matieres Colorantes (Usine la Mouche), Lyon (Rhone) (Cassella),
- Succursale Francaise de l'Anilinfabrikgesellschaft fuer Anilinfabrikation, St. Fons (Aqfa, Berlin)
- Societe Anonyme des Etablissements Weiller-ter Meer, Tourcoing (Uerdingen).

were taken away from Germany during the World War and placed at the disposal of French industry. Due to this fact, not only the plants but also the technical and commercial knowledge of the employees so taken over passed into the hands of the enemy.

The patent and trade-mark assets of the German dyestuff industry were utilized by the French national industry.

After the World War, German imports were subject to the general tariff rates which amounted to four times the minimum tariff rates and were therefore prohibitive for dyestuffs. In addition, imports were subject to licenses. The dyestuffs which were needed for purposes of increasing their own productive capacity were acquired from Germany principally duty free on the strength of Appendix VI of the Versailles Peace Treaty and at preferred prices. On each shipment outside of the framework of reparations, the French Treasury collected from the French buyer 25 % of the amount of the invoice as a reparation levy.

A law governing licensing of imports of dyestuffs was promulgated in 1938.

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The French dyestuff industry under French ownership consists today of the following firms:

- (1) Compagnie Nationale de Matieres Colorantes et Manufactures de Produits Chimiques du Nord reunies Etablissements Kuhlmann, Paris.
- (2) Societe Anonyme des Matieres Colorantes & Produits Chimiques de Saint-Denis, Paris.
- (3) Compagnie Francaise de Produits Chimiques et Matieres Colorantes de Saint-Clair-du-Rhone, Paris.
- (4) Societe des Produits Chimiques et Matieres Colorantes de Colorantes de Mulhouse, Paris.
- (5) Etablissements Steiner, Vernon.
- (6) Societe Anonyme pour l'Industrie Chimique, Mulhouse-Dornach.
- (7) Mabbour & Camell, Lyon.
- (8) Societe des Matieres Colorantes de Croix-Wasquehal (Burel), Roubaix.
- (9) Prolor, St. Die.

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The firms 1 to 6 are interconnected by capital and united through the "Centrale des Matieres Colorantes, Paris." The firms 7 to 9 are controlled by the Centrale des Matieres Colorantes.

These firms, with the exception of Soc. An. des Matieres Colorantes & Produits Chimiques de St Denis and Etabl. Steiner, Vernon, which were already in existence prior to the World War, are based EXCLUSIVELY on the potential (output) of the

above-mentioned branches of German dye plants in France. Today they are either still operating the old plants (St. Clair-du-Rhone/ La Mouche) or have erected new plants in the immediate neighborhood of former German plants in which are concentrated the industrial operations which, prior to the World War, were distributed among several factories. The latter applied particularly in the case of the largest of the French dyestuff companies - which was merged with the Compagnie Nationale de Matieres Colorantes et Manufactures de Produits Chimiques du Nord reunies, Etablissements Kuhlmann - namely the Compagnie Nationale des Matieres Colorantes, the main plant of which was newly erected at Villers-St. Paul (Oise) diagonally across from the former Hoechst factory i.e. Societe Parisienne de Couleurs d'aniline, which is now in ruins.

Under pressure of the French authorities controlling the German factories, and in order to make an end to the work espionage conducted there, the German dyestuff factories concluded, at the end of 1920, an agreement for 15 years with the last-mentioned Compagnie Nationale, pursuant to which said Comp. Nationale had to pay, as a consideration for technical assistance to be furnished, an amount of 16 2/3 million French francs in cash - equivalent to approximately 5.5 million GM - and one-half of its net profits until December 31, 1965. The nonrecurring cash amount was paid in part. A share in the profits, however, was never paid since in the course of the two years during which this agreement was enforced, said French company showed no profits.

During the Ruhr conflict the Comp. Nationale was absorbed by the

² In addition there is, at St. Fons near Lyon, the firm Societe pour l'Industrie Chimique a Baie, Usine Succursale a St. Fons, which belongs to the I.G. of Basle.

above-mentioned Stahl. Kuhlmann. The latter stated that they did not consider themselves bound by said agreement and cancelled the same unilaterally in 1924. In view of the powerlessness of Germany at that time, it was necessary to refrain from legal prosecution of this case. Such breach of contract was all the more unheard of as, in the two years during which the agreement was in force, the plants of the Comp. Nationale were completely reequipped with our most valuable processes and experience as a result of technical consultation under the direction of director Dr. Krekeler, the former first technical manager of Leverkusen.

In view of the close technical and personal connections between Kuhlmann and St. Denis - Kuhlmann holds a major interest in St. Denis and has several representatives on the latter's board of directors - St. Denis benefited to a large extent by the technical services which Kuhlmann received.

As a consequence of the above happenings, German dyestuffs in France were finally almost completely pushed into the background, and in the Franco-German trade treaty of 1927, Germany had to be satisfied with an import quota of 5 million GM, which also included auxiliary products for dyeing purposes. In addition, a considerable burden continued in force on account of the customs tariff. In comparison therewith, the sales of dyestuffs in France and her colonies amounted, for the same year, to a total of 48.5 million Mk., of which approximately two-thirds were supplied by the "national" dyestuff industry and approximately 25 % by Swiss production centers and through imports from Switzerland. Thus Germany's share in the dyestuff supplies for French consumption dropped from approximately 90 % for 1913 (turn-over approximately 22 million Goldmarks) to approximately 9 % for 1927. In this connection particular attention should be devoted to the fact that Alsace Lorraine with its highly developed dyestuff consuming industry, and approximately two million inhabitants fell to the French domestic market. Besides dominating the French market to a large extent, the French dyestuff industry began devoting itself more and more to exports. As a result of these efforts the German dyestuff volume in foreign trade suffered considerably not so much through the loss of customers - the German dyestuff industry competed with all its might against the French dyestuff industry - but much rather due to the fact that, as a result of French underbidding, the German export price structure suffered on a large scale.

After years of stiffest competition which insofar as German industry was concerned, could not be conducted in the French market on account of discriminatory treatment of German imports, and had therefore to take place in the world market, a cartel agreement for market control was brought about in 1927 in line with the Franco-German trade negotiations referred to above. Said cartel agreement

was designated to eliminate competition between the German group and the French group, and largely attained this objective although German industry had to sacrifice essentially its activities in the French market, and was obliged to honor the export volume which, in the competitive struggle, had been reached by the French, and which centered around 10 million RM. annually during the last few years.

No awards, however, have ever been made for this dual injustice of 1918 and 1933/34. (page 33 of original document)

2. CHEMICALS.- Prior to the World War, the French chemical industry supplied the demand of its own country and its colonies. Only the surplus production was exported. Together with the known stiffening of the French trade policy in the form of an extraordinary tariff and quota system; with further increased difficulty of obtaining the right of domicile; with discrimination by propaganda in favor of the national industry; an effort was made to limit the export of French chemicals above its former quota under any circumstances. Besides the general impairment of German exports resulting therefrom, the insufficient knowledge of the market situation led to considerable reduction in prices which unfavorably influenced the German export interests on third (neutral) markets. (page 34 of original document)

3. PHARMACEUTICAL PRODUCTS, DENTAL PRODUCTS, INSECTICIDES AND VETERINARY MEDICAL PRODUCTS - "BAYER" PRODUCTS - SERA AND VACCINES
BEERINGS. 3.- Prior to the World War there were in France seven important producers of pharmaceutical specialties and pharmaceutical chemicals, viz:

Societe Chimique des Usines du Rhone,¹¹ Paris,
Etablissements Foulenc-Freres, Paris,
Laboratoires Ulin, Comar & Cie., Paris,
Laboratoires Midy, Paris,
Etablissements Eyla, Paris,
Etablissements Chatelain, Courbevoie, Seine,
Institut Pasteur, Paris.

There were besides a number of medium and small producers of only local importance. Their total production did not cover France's requirements in pharmaceutical products. Only special products were exported and those were manufactured by the seven above-mentioned producers.

The volume of the sales to France, the French colonies, and the French protectorate in the years before the World War of the firms which later were fused into the I.G. Combine, amounted to approximately 1.5 million. The Commercial Treaty of August 17, 1927, made possible the exportation of our products to France, which resulted finally in limited sales in the years after 1927, and which amounted to approximately RM 600,000 in 1939. While the average export to France before the World War was approximately 6% of the total export of the aforementioned I.G. firms, exports in the amount of RM. 600,000 in the year 1929 represented less than 1% of the total exports of "Bayer". While the total export in 1939 increased 2½ times, the sales to France dropped to 40% of the sales before the World War.

¹¹ These two firms were merged in June 26, 1926, and have since operated under the name of Societe des Usines Chimiques Rhone-Poulenc, Paris.

This development is the result of the very difficult and unfavorable circumstances prevailing during the years after the war and caused by the dictates of Versailles. The forced exclusion of all German pharmaceutical products from the French market for almost 15 years, the confiscation of German trade-marks, the exploitation of German ideas ("mental property"), as well as the chauvinistic attitude which existed after the World War and which has been encouraged by the authorities and used by all concerned for their purposes, led to an extraordinary development of the pharmaceutical industry in France. Therefore it was possible for France to supply the domestic market from its own production. Furthermore, for reasons explained in the preamble, purely economic export interests were added, which led to an impetus on the international markets. Backed by their strong home market, the French firms showed great activity on the markets of almost every country of the world. This resulted in underbidding, by which German exporters lost valuable markets to the French. In any case, the German export proceeds were considerably reduced.

An examination of the products put on the market by the French industry after 1914 revealed that most of the products were plagiarisms of German original

preparations.¹² No legal steps could be taken against marketing of the French plagiarized products, which in most cases were undeniable infringements of the German patent law because France has no protection by patents for pharmaceutical products, a condition which in the future should be abolished as a matter of principle, in accordance with our proposal laid down elsewhere. Only in a few exceptional cases the French industry came out with its own inventions and discoveries. The above-mentioned general development since 1914 and 1918, respectively, appears further marked by the following facts:

By the law of November 7, 1919, German pharmaceutical products could be imported to France by special license only. This regulation was enforced in respect to German preparations only. This measure in conjunction with the application of the maximum tariff, i.e., four times the said basic tariff rates, completely stopped the importation of German pharmaceutical products until 1927. The same applied to the French colonies, its protectorates, and mandates for approximately the same period. The conclusion of the German-French commercial treaty of August 17, 1927, eliminated these difficulties. However, the absence of our product from the French market for a period of fourteen years, together with the development of the French pharmaceutical industry during this time, restricted our business in France considerably until the present time.

The sale was made still more difficult by the high custom rate on imports, which had a protective character and amounted to 15 % of the retail price for pharmaceutical specialties, which amounts to an additional 35 % on the tariff-free value.

¹² "What was to become of the expensive plants, which were built to manufacture the products invented by the Germans and which had hardly been paid for?" Generally speaking, it is of no importance whether the manufacturing process was patented or not. If we consider only the French confiscation and those countries in which Germany industry was not able to obtain patents, we have the possibility based on our law of utilizing the manufacturing processes invented by the Germans and it would be ridiculous on our part not to take advantage of the legal conditions." From a lecture by Professor Fournesau held on April 17, 1915, before the Society for the Promotion of National Industry in "England's Commercial War and the Chemical Industry." Prof. Dr. E. Hesse and Prof. Dr. H. Grossmann, Stuttgart, 1917.

Their regulations concerning the import of sera and vaccine as stipulated by the French law of April 25, 1895, and the amendment of June 14, 1934, respectively (published in "Journal Officiel" of June 22, 1934) made the import and distribution of German serum-bacteriological products practically impossible and were issued only for the purpose of protecting the whole industry. Repeated complaints during the negotiations concerning the German-French Commercial Treaty were to no avail, notwithstanding a conciliatory attitude on the part of the Germans. Although there were no difficulties with respect to the import of special veterinary preparations, veterinary sera and vaccines, an improvement in the business of this branch was possible only to a limited extent. The reason for this may be seen in the fact that 95 % of the French veterinarians are organized in an association (Syndicat National des Veterinaires de France et des Colonies), which is pledged to buy only from recognized French veterinary firms. As compensation, these firms attached a value-stamp to each of their products and paid the equivalent of these stamps into the old-age pension fund of the French Veterinary Association. It is practically impossible for us to be included in the ring of these French veterinary firms.

Imports in the entire line of opotherapeutical products for parenteral injection, which achieved importance during the last few years were severely hampered. Domestic products also had to be registered but licenses were granted without restriction, while it took years of endeavor to obtain admission for any of our products.

A further difficulty was the necessity of labeling the greater part of the important advertising material (imprime en Allemagne), as provided by customs law.

The discriminations against German preparations in the placing of orders by the French Government, municipal or other authorities was a further disadvantage in the sale of our products.

The establishing of agencies in France met with considerable difficulties. Tax regulations and labor laws made it almost impossible to build up well organized agencies to represent our interests.

The condition with respect to trade-marks proved to be particularly disadvantageous to our business. The relinquishing of our trade-marks, stipulated by the dictates of Versailles, together with the impossibility of taking legal action against infringements of our trade-mark rights until 1928, resulted in considerable damages. For instance the trade-mark "Aspirin", granted to us, was used in France by eight companies.

We suffered heavy losses, particularly in business prospects, because of the lack of a patent law. For instance, we were compelled to conclude license agreements

with various companies in France concerning such valuable products as Abrodil, Botaxin, Germanin, Neganol, Asantol, Atebrin, Plasmochin, and Prontocil. The provisions of the agreements do not in any way correspond to the real value of the scientific contribution of the French partners and were executed in their present form on our part only under the pressure of unfavorable circumstances.

The matter is similar with respect to agreements in the field of international pharmaceutical chemicals, in which Germany predominated - for instance "Bayer" in acetylsalicyl acid - by which exclusive areas

and export quotas were granted to the French which were far beyond their deserved share,

It is difficult, if not impossible, to determine the loss which the pharmaceutical department of I.G. suffered in this manner. By means of carefully collected evidence, which is at your disposal we estimate the loss suffered by the pharmaceutical branch of I.G. since 1914, at approximately RM. 80,000,000.

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4. PHOTOGRAPHICA.- Previous to the World War, France had a domestic photographic industry, which was well protected by the existing tariff policy. Of the firms existing at that time, the firm of Pathe was acquired by the American Kodak Corporation, Rochester. At the time of the outbreak of the war in 1939, the following factories produced photographic equipment:

1. Kodak- Pathe.
2. Societe Lumiere.
3. L'Industrie Photographique (Gevaert).
4. H. Guilleminot, Boesflug & Cie.
5. "As de Trefle" (Anciens Etablissements Orieshaber).
6. Etablissements Gruniers.
7. M. Bauchet & Cie.

In addition, the following firms were also engaged in the production of photo-cameras and small-film cameras:

1. Societe Lumiere (cameras).
2. Coronet Camera Cie. (cameras).
3. Societe Andre Levy & Cie, Ets. Boyer (cameras).
4. Etablissements Ebel (small film cameras).
5. Soc. des Etablissements Krauss (lenses).
6. Oehmschen (small film cameras).
7. Pathe-Katan, Pathe-Cinema (small film cameras).
8. Soc. Francaise, Pathe-Baby (small film cameras).
9. Etabl. Andre Debrie (small film cameras).
10. Service Commercial "Ericsson" (small film cameras).
11. Pathe-Rural (small film cameras).
12. Cine Gel (small film cameras).
13. Eresan (small film cameras).
14. Lapiere Cinema (small film cameras).
15. Su Ga (small film cameras).
16. Camera Facine (small film cameras).

After the Treaty of Versailles, the protective tariff policy towards all importing countries was continued. However, it was more strict in regard to Germany; by employing the general tariff until 1924, through the system of reparations deliveries, and by the preference given the "pays amis" (allies) with respect to quota allotments, still practiced even after the Commercial Treaty of 1927 was concluded.

By the granting of the minimum tariff after the conclusion of the German-French Commercial Treaty in 1927, it was possible for the German photographic industry to give more attention to the French market. As a consequence, our exports increased tenfold between 1929 and 1931. This favorable development was stopped by the quota policy adopted by the French Government. The execution of the regulation concerning the quota policy proved particularly disadvantageous to the photographic industry. In view of the fact that the quotas were based on the imports of previous years, there was hardly any possibility of providing the French market with certain new products, such as color films, small-picture films, etc.

Particular difficulties were experienced on account of the control of the camera quota, which was in the hands of the Comité Interprofessionnel. The establishing of this Comité Interprofessionnel resulted in individuals having to decide on German import quotas, who were direct competitors of the importing German manufacturers and who took advantage of this situation in favor of their French products. The manner of control of the quotas resulted in conditions which did not permit a fair distribution and did not permit the full use of the quotas allocated. A further disadvantage to German importers was that for deliveries to

public and government institutions and authorities, the domestic French products were definitely preferred or demanded. These tendencies were furthered still more by the depreciation of the currency and the circumstances connected therewith, which made the competition of German photographic products very difficult.

It was, therefore, impossible to ensure an adequate share for German products on the French market, to which they were entitled by reason of their superiority.

The French photo industry did not only supply its own market, but also appeared as competitor in the world market. Particularly disturbing was the competition by Kodak-Pathe, Societe Lumiere and Guilleminot in South America and in the Balkans.

On the French market, besides the German exporters, the American Kodak, the English (Kodak and Ilford), the Belgian (Cavaert) and the Italian firms (Ferrania, Tensi) were well represented.

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The French industry was organized in the "Chambre syndicale des Industries et du Commerce photographiques." This organization took care of the price and market regulations. Representatives of important foreign manufacturers, who exported to France were organized in the "Chambre syndicale pour l'importation d'articles photographiques et cinematographiques et annexes".

Matters concerning the market were decided by these two offices. In general the market regulations formulated by the French industry was usually recognized as decisive.

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5. AROMATIC SUBSTANCES.-- The industry of synthetic aromatic substances existed in France even prior to the World War. The leading firm was the Societe Chimique des Usines du Rhone. This industry was protected by a customs duty, which amounted to 15 % of the value for the item 112a of synthetic aromatic substances. In spite of this duty the German industry was able to export to France in the year 1913, 79,000 kg. representing a value of 1.2 million Marks.

After the World War the duty on synthetic aromatic substances was raised to 20 % of the value which was added to 5 % for importing and the turn-over tax. This duty as well as the fact that the general tariff was applied until 1924 to German imports complicated the building up again of aromatic substance exports to France. As additional protection for the French industry a system of restrictive quotas was adopted in 1932. Although including all importing countries, this system was especially detrimental in its effect on Germany, as France granted preferential treatment to the "pays amis" (friendly countries), i.e., England and Belgium.

Owing the fact that the French Government used its currency policy

as a factor in its commercial policy the German aromatic substance industry was in many instances unable to keep up with the steadily declining prices of French products in France and on foreign markets.

For this reason the industry of synthetic aromatic substances in Francoen headed by the firm of Rhone-Poulenc, was able to expand considerably so that up to the year 1938, exports of aromatic substances from Germany to France dropped to 11,000 kg. representing a value of 69,000 RM.

This trend of declining prices due to obstacles resulting from trade policy was accentuated by the fact that the German aromatic-substances industry made international agreements concerning all foreign trade in vanillin, ethyl-vanillin, and cumalin with the French manufacturers of these products, which resulted in the German exporters' losing the French market for the aforesaid three products, though to be sure they still had the German market for themselves.

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6. ARTIFICIAL FIBERS.- Not until after the World War did we begin to export artificial fibers manufactured by us, i.e., cell wool, especially Vistra fiber, and artificial silk.

Vistra: Having taken up the manufacture of Vistra fiber in the year 1919 we were able in the year 1920, through a business connection, the "Industrie Gesellschaft fuer Schappe" in Basle (Industrial Company for Spun Silk in Basle) to get in touch with their branches in France, the Societe Ind. pour la Schappe, Tenay, and Societe Anonyme de Filatures de Schappe, Lyon.

After overcoming various difficulties connected with marketing and technical matters, the turn-over increased, beginning with the year 1927. After we had thus created the possibility of processing cell wool in France, the group in France interested in this production, the Comptoir des Textiles Artificielles in the year 1929 was instrumental in bringing about a considerable increase in the duty. While until that time the duty had amounted to 2.20 French francs, per kg., a rate which had been considered reasonable in view of the former price of 4.50 RM. per kg. of Vistra fiber, this rate was increased in the year 1929 to 8.75 French francs, per kg. because of the aforesaid intervention. It ought, however, to be mentioned

here that later on after the price for Vistra fiber had dropped considerably the duty was again decreased to 3.40 French francs. At any rate the favorable development of Vistra sales was interrupted by the increase in the duty in 1939.

The business was revived to a certain extent as a result of the organization of the "Association Vistra" in 1931 which had been founded in France through our efforts. The following firms belonged to it:

Le Flaq & Cie, Lille
Filatures G. Vermech, Lille
Cotonniere Lilleoise, Lille
Th. Bayrois, Lille
Charles Mieg & Cie, Mulhausen
Ets. Valentin Bloch, Mulhausen
Filature de Colmar, Colmar
Union Textile S.A., Guebwiller.

According to the agreement on which this association was based, our experience in the spinning of Vistra (fiber) was placed at the disposal of the aforesaid spinning firms. In addition, the wealth of experience which had been acquired meanwhile in Germany in connection with the dyeing, printing, and finishing of Vistra products was also made available. Owners of spinning and weaving mills were stimulated to a great extent by assorted samples, which we sent to them. In addition to this we instructed French producers in the finishing of goods made from Vistra and gave every assistance in this field. On the other hand, the spinning mills, which were members of the "Association Vistra," were under the obligation to process Vistra exclusively.

In order to develop its plans for the manufacture of cell wood the aforesaid Comptoir des Textiles Artificielles brought pressure to bear on the spinning firms belonging to the "Association Vistra," by having them threatened with the blocking of their supplies, whenever French production started and German cell wood would no longer be imported into France. Thus the Comptoir succeeded in having two spinning mills leave the "Association Vistra" and in influencing the others in such a way as to make the existence of the Association Vistra impossible. In addition, the Comptoir Textiles Artificielles organized an "Association Velna" modelled after the "Association Vistra."

The banning of Vistra from French markets which had resulted from the above situation was to be lifted only in the year 1939 with the aid of the "Industrie Gesellschaft fuer Schappe" in Basle by supplying conveyor belts. In this way we were able to restore our connection with the French market via the Soc. Anonyme de Filature.

Artificial silk: The development of our artificial silk business with France showed until the year 1933 a tendency to increase. The customs rate under the Tariff Agreement, which varied from 16.35 to 19.50 French fra. as well as the customs regulations, affected the business adversely. Nevertheless it had been possible up to this point to carry on a certain amount of business. Because of the devaluation of the French currency, which was the beginning and the decrease in profits in our artificial silk business resulting therefrom, the business decreased continually and finally had to be discontinued in the year 1937. We would have had to raise the prices in francs considerably in order to make up for this devaluation. In doing so, we would no longer have been able to meet the very strong domestic competition.

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In addition to our losing the French market to French industry, the latter, as a result of the currency devaluation, was able to expand its exporting business. The French artificial silk industry at that time did not concentrate its efforts on any one special market but offered its artificial silk to the whole world at prices which were always considerable lower than the German quotations. Our whole export trade was essentially disturbed thereby as it became necessary to sacrifice price considerably in order to keep up the volume of German export business.

7. NITROGEN AND NITROGEN PRODUCTS.- In the field of nitrogen the World War did not interrupt developments and constructions which had been going on for a long time; on the contrary, it furthered and shaped the beginnings of the European nitrogen industry. The construction of the Oppau plant, the first installation for the production of synthetic nitrogen was finished in 1913, one year prior to the World War. During the World War itself the urgent need for nitrogen in Germany led to the construction of the Leuna plant, which ensured

meeting the demand for nitrogen in Germany during the war and created an output, which made possible the export of nitrogen by Germany after the war.

Before the World War Germany's supply of nitrogen besides that produced by the German coking kilns consisted of an annual import of 755,000 tons of Chilean

saltpeter valued at RM. 171,000,000. Up to that time Chile had been the chief source of nitrogen supplies for the other European countries which had highly developed agriculture and nitrogen industries.

Up to the time of the outbreak of the World War France too had received its supply of saltpeter required for its agriculture and its armament industry (1913- 322,000 tons) chiefly from Chile. As yet there was no production of synthetic nitrogen. The development of the German synthetic nitrogen industry and its considerable growth due to the urgent demands brought about by the World War created, however, in France the desire to build up a synthetic nitrogen industry for the future -both for war and peace- so as to be independent of the import of nitrogen. Not only the outcome of the war which was so unfortunate for Germany, helped France to realize this desire to follow the example set by Germany during the war but also the Versailles treaty was largely instrumental in that it permitted France, without having to go through any initial stages to use without further ado, the plants built by Germany and to organize a French synthetic nitrogen industry by making use of German scientific and practical experience and German help. Although as early as the time of the World War a nitric-acid plant had been set up in Soudon pursuant to the request of the French Government and the already existing lime nitrogen plant in La Roche-de-Bene had been enlarged and (although) despite the fact that Georges Claude had begun his experiments in the field of ammonia synthesis with high pressure (about 1,000 atmospheres) as far back as 1917, the year 1919 must be designated as the year of the actual beginning of the synthetic nitrogen production in France. During that year after Claude had had the opportunity to inspect the Oppau plant thoroughly, as the result of the occupation of the Rhine Palatinate the Societe de la Grande Paroisse was founded for the exploitation of the Claude patents. During the following years, a number of plants using the Claude process were established (to be operated) in connection with the coking kilns of the coal mines.

After the cessation of hostilities, the French Government made a serious effort to carry an ammonia synthesis on a large scale. Under the pressure of political events the French government in 1919 concluded an agreement with the Badische Anilin- und Soda-Fabrik in Ludwigshafen-Oppau, under the terms of which the B.A.S.F. had to cede its patents and share its experiences in the field of production of synthetic ammonia, ammonia sulphate, nitric acid, ammonia nitrate, sodium nitrate, salts of urea and mixtures of the above products. Furthermore the said firm was obliged to hand over all its plans and data and to give its technical assistance in the construction, the putting into operation and the operation itself of a plant for the daily production of 100 tons of pure nitrogen in the form of ammonia water. Later, however, this project was changed so that in the actual ammonia synthesis besides the Haber-Bosch process the Casale process which is likewise a modified Haber-Bosch process was used in a third of the output. The nitrogen plant constructed by the French Government according to these plans in the former powder plant at Toulouse started operations on a very small scale only in 1927. In general most of the nitrogen plants

in France, constructed in accordance with the Claude process as well as those built later according to the Casals process, did not begin operations until the years 1927, 1930. The total output of the synthetic plants as given us is approximately 275,000 tons N. We, however consider this figure as too high, since the production in these plants up to now may be estimated at 130 to 140 thousand tons N. The total production of all the existing nitrogen plants, that is including coking kilns, gas plants and lime nitrogen plants amounted to about 100,000 tons N. in 1935/39.

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As long as France itself had no production of its own worth mentioning, Germany was obliged under the terms of the armistice agreement and the Versailles treaty to deliver to France considerable quantities of sulphate of ammonia (in the years 1920 to 1922, 6,000 tons N. each year, in the form of sulphate of ammonia). In addition, during the struggle in the Ruhr the French occupational authorities seized at the H.A.S.F. plants alone 13,000 tons N. in the form of sulphate of ammonia and had demanded for the first time pursuant to an agreement with the occupational authorities (Coblentz agreement) a free-of-charge delivery of about 2,600 tons N. for the months from December 1923 to February 1924. The Coblentz agreement was renewed many times, that is until October 21, 1924, and stipulated a further delivery, mostly free of charge of about 7,000 tons N. Deliveries during later years, that is from November 1924 to the fertilizer year 1929-30, inclusive, made pursuant to contracts on reparations concluded between the Nitrogen Syndicate and the Comptoir Francais, amounted

during this period of time to about 173,000 tons N. in the form of calcium nitrate and about 7,000 tons N. in the form of soda saltpeter. At the end of the fertilizer year 1929-30, in which reparations deliveries stopped, French plants were able to meet their demands for sulphate from their own production. Although in the meantime production on a large scale of saltpeter fertilizers had been begun there was still a need for an annual import of about 64,000 tons N. in the form of soda saltpeter. France's demand for nitrogen, during the last ten years, therefore, was considerably greater than her own production. A considerable part of this additional demand was covered by imports from Germany. The need for imports did not prevent the French Government from introducing compulsory licensing in 1931, and from levying a comparatively high tax (about 4.8 pfennig per kg. N.) in connection with the granting of import licenses. The French Government wished to open up thereby a source of income which was supposed to benefit the French nitrogen industry in lieu of compensation for the lowering of prices and which perhaps would also benefit French agriculture to a certain extent. The Chileans, who up to that time were practically the sole suppliers of France's additional demand for saltpeter, refused to pay the required license tax. Thanks to pressure brought to bear by Tardieu, the then French Minister of Agriculture, a delivery agreement was concluded in December 1931 between the Nitrogen Syndicate and the Comptoir Francais, for an annual delivery of at least 150,000 tons soda saltpeter (about 24,000 tons N.). At the time of this agreement there was an exchange of notes between the German and the French Governments. During the first year of this agreement (fertilizer year 1931-32) the terms were faithfully carried out by the French. But as early as the following year the French created considerable difficulties, in (their manner of) observing the terms of the agreement. Notwithstanding the clauses of this agreement 20% of France's demands for imported soda saltpeter was to be met by Norway. Furthermore, by the beginning of that year France again began to import large quantities of soda saltpeter from Chile and the United States. In consideration

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of an agreement existing between Norsk Hydro and the I.G., the Nitrogen Syndicate at the request of the French Government, in accordance with an understanding with the German Government gave its consent to deliveries ex Norway; this arrangement benefited German interests since according to the I.G. agreement with Norsk the proceeds had come in via Germany. American imports were likewise approved since the Syndicate found them acceptable, because within the framework of the agreement with American producers, it thus obtained potential outlets on other markets. The objections raised by the Nitrogen Syndicate against deliveries from Chile—objections based on the agreement with the Comptoir Francais were disregarded during the first few years. Actually therefore, the agreement during the period of time from 1932 to 1933 had not been fully observed; it remained valid, however, and was formally recognized by the French as such. Beginning with 1936-37 the French by way of economic rapprochement again showed a greater inclination to import larger quantities from Germany in accordance with this agreement. The Comptoir Francais again acknowledged the claims of the Nitrogen Syndicate with regard to the possible import of Chilean saltpeter. Deliveries of Chilean saltpeter from this time on were made each time with the consent of the Nitrogen Syndicate. As a result of a set-back in its own production which was due to labor conditions (strikes, shorter working hours, etc.) France again experienced during the last years a need for imported sulphate of ammonia which was satisfied by deliveries by CIA partners.

This survey shows that a purposeful influence on the industrialization in France in the nitrogen field was made impossible for the German nitrogen industry as a result of the conditions of the armistice and the Versailles Treaty. The German industry had to resign itself to having its processes, which had been perfected by years of experimentation, taken away from it or exploited and utilized by French chemists and technicians, who during the occupation found out all the particulars on operation and technique at the B.A.S.F. plants. Even delivery agreements concluded by private enterprise were respected by the French Government as is shown by the events of 1932, only insofar as they were agreeable to it and coincided with its other provisions.

Finally the German nitrogen industry after 1930 was obliged in its cartel policy to reckon with the French industry, which had been organized in the meantime, and to include it in the European Nitrogen Agreement (C.I.A.). The French group, however, was no longer a co-signer of the so-called CIA agreements and was not therefore a formal partner to this Agreement; on the other hand it carried

out the obligations of the agreement and contributed partly to its expenses. Nevertheless it occupied a certain privileged position, which must be denied to it in the future.

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II. PROPOSALS OF A GENERAL NATURE WITH REGARD TO PRODUCTION AND SALES WITHIN THE FRAMEWORK OF GERMAN-FRENCH RELATIONS.

The preceding survey on the development and situation of the individual branches of the French chemical industry plainly shows that the chief obstacle blocking German interests in the French market was to be found in the field of commercial policy. If, therefore, participation in the French market—the remaining colonies, protectorates and possible mandated territories included—corresponding to the importance of the German chemical industry is to be built up and maintained, then this aim can be achieved only by a fundamental change in the forms and media of French commercial policy in favor of German imports. With this intention the following is proposed:

I.

- (1) Development of a French preferential tariff system favoring Germany, whereby the absolute rate of the tariff must exclude any possible unfavorable effect on German (exports). The extent to which these preferential rates are to be effective with regard to other countries should be fixed for each item and stipulated accordingly.
- (2) Sufficiently large quotas must be established, while taking into consideration the necessity of establishing an equilibrium in the French balance of payments, purchases of goods, which were previously made (purchased) in other countries should be shifted to Germany. Such shifting would have to be accomplished with a view to securing a sufficiently large market for high quality products, which may be used in barter (e.g. synthetic tanning agents, crude varnishes, synthetic fibers, and artificial materials).
- (3) In connection with the issuing of new measures which may be expected in the field of exchange and currency policy, German interests should be borne in mind.
- (4) All discriminatory measures as to certificates of origin, compulsory declarations and registration should be abolished.

II. QUESTIONS REGARDING THE RIGHT OF SETTLEMENT

- (1) German nationals should be granted resident's permits without any restrictions.
- (2) Work-permits should be granted to German nationals in accordance with business requirements to be decided by Germany.
- (3) A free right of establishment should be granted, taking into consideration the pertinent provisions of the trade police and the like authorities, which are also applicable to French business enterprises.

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III. MEASURES AFFECTING TAX POLICY

The establishment of industrial enterprises of German firms within the meaning of the terminology of the double taxation agreements concluded by Germany (e.g., branch establishments, manufacturing centers, branches, agencies) as well as the establishments of subsidiaries of German enterprises should not be hampered by tax measures. By this is meant:

A. INDUSTRIAL ENTERPRISES:

- (a) Taxation must be limited to the assets set aside for said industrial enterprises including real estate, profits deriving from same and the turn-over.
- (b) As to the taxation of such enterprises, the latter must not be placed in a more unfavorable position than other business enterprises of the country in question with respect to tax classification rate or facts of the case.
- (c) Profits must not be assessed on the basis of the balance sheet of the German parent firm but solely on the basis of percentage of the turn-over made by the enterprise. This percentage should be agreed upon for each individual category of products. In case of dispute the decision of a mixed commission of representatives of both countries shall decide. Insofar as the profits of industrial enterprises result from the sale of articles produced in Germany, the assessment of such percentage shall cover only the dealer's profits and not the manufacturing profits.

B. THE PRECEDING PROVISIONS UNDER A. (a) and (b) also apply to the taxation of subsidiaries of German enterprises.

Insofar as taxation of such subsidiaries, decisions shall in principle be based on their accounting records insofar as these have been kept according to regulations. If the foreign tax authorities prove that profits resulting therefrom are obviously not in proportion to the profits made by businesses of the same or similar type, profits shall be computed on the basis of a percentage of the subsidiary's turn-over. In this connection the provisions referred to under A. (c) shall apply accordingly.

IV.

Provisions, regardless of whether they are issued by official authorities, associations, or others, which discriminate against the use of German products in favor of French products or those of other countries, should be abolished.

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III. CONCRETE PROPOSALS WITH REGARD TO CERTAIN FIELDS OF PRODUCTION.

1. DYESTUFFS.- In order to achieve a New Order as planned and to compensate in part for damages suffered in and because of France, the best solution seems to be to bring about such regulation of French production and its marketing for all time to come by the participation of the German dyestuffs industry in the French dyestuffs industry, as to prevent further encroachment on German export interests. To this end concrete proposals could be made as for example, I.G. might be allowed to acquire 50 % of the capital of the French dyestuffs industry from the Reich.

For the purpose of carrying out such a transaction it would be necessary for the Etablissements Kuhlmann, which in addition to its dyestuff plants operates large enterprises in the inorganic and nitrogen fields to separate its dyestuffs division (from the rest of the establishment) and to absorb the following subsidiaries:

Compagnie Francaise de Produits Chimiques et Matieres Colorantes de St. Clair-du-Rhone, Paris;
Mabroux & Casell, Lyon;
Societe des Matieres Colorantes de Croix-Wasquehal (Burel), Roubaix;
Prolor, St. Die;

and the -

Etablissements Steiner, Vernou.

The Societe des Produits Chimiques et Matieres Colorantes de Mulhouse, Paris, and the Societe Anonyme pour l'Industrie Chimique, Mulhouse-Dornach have been omitted since it is assumed that these firms will go back to the Reich with the return of Alsace and Lorraine.

In this way the Comp. Nationale, which would have to be newly organized, would have either to merge with the Soc. des Matieres Colorantes et Produits Chimiques de St. Denis or to enter into a close community of interests agreement with it. In either case the administrative board of the company or companies would have to be set up -part German, part French- so that each would be represented by an equal number of members.

Furthermore the following regulations would have to be issued in line with the provisions under the peace treaty:

(a) The German-French dyestuffs company or companies only shall be permitted to establish in France new plants for the production of dyestuffs (including lac dyes) or their intermediate products, or introduce new products into the plants already existing or to expand the latter. In addition the French Government is to issue a decree prohibiting the establishing of plants for the manufacture of dyestuffs and intermediate products.

(b) As a general rule the output of the German-French company shall be intended for the French domestic and colonial markets only.

(c) In imports to France, its colonies and protectorates Germany shall receive preferential treatment in that such products as are not manufactured by the German-French companies shall as a general rule be purchased only from Germany and at reasonable tariff rates. The recently levied minimum tariff rates on dyestuffs would seem appropriate provided that the exchange-rate of the French franc did not exceed 0.06 RM.

As to the Societe des Produits Chimiques et Matieres Colorantes de Mulhouse, Paris, and the Societe Anonyme pour l'Industrie Chimique Mulhouse-Dornach we have written to the Reich Ministry of Economics under date of July 13, 1940, that we have placed a trustee for these companies at its disposal.

The ultimate fate of these two enterprises can be determined only at a later date. As, after the war, there would be no economic basis for the existence of the first-named firm, it is questionable whether it would be advisable to have this enterprise continue to operate.

AUXILIARY PRODUCTS FOR DYING PURPOSES AND AUXILIARY TEXTILE PRODUCTS.

We propose that the following regulations be adopted:

- (a) Reduction of the prohibitive and unduly high customs rates and establishment preferential tariff rates for German imports.
- (b) Enforcement of a French quota and licensing system in favor of Germany which will have as its purposes that French demands for imports be supplied by Germany only.

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2. CHEMICALS.- Because of the large variety of products to be considered, we have summarized our plans in the field of chemicals in a chart. We should like to make the following preliminary remarks:

The granting of preference tariffs to Germany is not only a means of compensating the German chemical industry for damages suffered in consequence of the Versailles Treaty and of the trade policy based upon it; it is rather a necessary political instrument to be used in relation with non-European countries which, through a depreciation of their money and through other measures might be able to disturb the commercial agreements to be concluded with France. It must therefore be stressed particularly that the basic tariffs between France and other countries can be lowered only with German approval.

Ordinarily, preference import quotas will be dealt with in the individual syndicate agreements. (See below). One reason, however, for insisting upon preference quotas for basic materials used for military equipment must under no circumstance be revealed during such negotiations. This reason is that our marketing organizations, by gaining first-hand knowledge of the domestic markets of the country in question are thus enabled to determine whether secret recruitment is going on.

LICENSES FOR THE CONSTRUCTION OF NEW PLANTS AND FOR THE EXPANSION OF EXISTING FACILITIES are imperative in regard to products which are important to the armament industry. We hope that the requiring of licenses for the production of these articles will be supplemented by rigid control of the production itself.

Such licenses are necessary even for products not important to the armament industry, in order to avoid the unnecessary accumulation of labor, raw materials, and capital in certain places particularly in those parts of Europe, where this condition exists. In these instances, however, the licensing system might be abolished as soon as an average quota of production had been reached.

Furthermore, technical progress should not be obstructed by too rigid an application of the licensing system. We believe that precautions should be taken not to deny a license if this should block important technical progress and if the production of the new plant (a) were to be used to satisfy a new and additional demand and (b) if this production were to be placed on the market by shutting off or decreasing the production of existing plants at the same time. In other words, a license should be granted as long as this procedure does not run contrary to the interests of the German producers either directly or indirectly and insofar as it is not contrary to agreements concluded with producers in other countries.

The cooperation between German and French industry, which is the necessary basis for a sound and planned economy, can best be achieved while continuing already existing agreements- by the creation of LONG-TERM INTERNATIONAL SYNDICATE AGREEMENTS, which would have to be preceded by the creation of French national syndicates. In contrast to previous arrangements between the German and French chemical industries, these syndicates should be under a unified and strong leadership, which because of the greater importance of the German chemical industry should be in German hands and should have its administration headquarters in Germany. The export of French chemicals would be handled exclusively by these syndicates, except for territories, to which the French industry may freely export the products in question or except in other cases to be defined precisely. The French chemical industry, limited now to supplying the domestic markets, may be asked to make compensations within the framework of the syndicate for possible export deficits.

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| | A | B | C | D | E |
|--------------------------------------|---|--|--|---|---|
| Product | 'Proposals for preference tariff rates from Greater Germany to France | 'Proposals regarding French tariff rates with respect to other countries | 'German proposals regarding quotas and import licenses concerning France | 'Proposals regarding the French market and French export | 'Proposals for obligatory approval concerning new construction & expansion of plants |
| Caustic potash* | 'Present duty of 96% per 100 gross kg to be reduced to about RM.2.75% per 100 net kg. for caustic potash and to RM.1.50 for 50% potash lye. | 'Import duty for Germany and France on caustic potash RM.9% per 100 kg. net. | 'Germany foregoes importation. | 'France foregoes export | 'Yes; relaxation in proportion to the increase of French domestic requirements upon agreements with competent German authorities. |
| Carbonate of potash* | 'No duty for import quotas of Thann for France, otherwise preference duty for Germany RM.2% per 100 kg. net. | 'As above RM. 7 per 100 kg. net. | 'No duty on import quotas of Thann to the extent of its former participation in the French market. Import right for all German producers otherwise only for specialties which cannot be supplied by French industry and emergency deliveries | 'See C. France foregoes exportation. Syndicate in cooperation with German firms (at present Elpre). | 'As above. |
| Chloride of lime/chlorine* | 'Preference tariff 6% ad valorem. | 'Maintenance of present tariff with regard to other countries. | 'Right of import for Thann within the scope of its previous participation in the French market. | 'France produces only for its domestic market. Market regulated by Syndicate. | 'Construction of new plants only upon agreement with competent German authorities. |

* see page 55 (77) (page 38 of translation)

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| Product | A | B | C | D | E |
|---|--|--------------------------------------|--|---|-----------------------------------|
| Fuming sulphuric acid* | Preference tariff 5% ad valorem. | | | | Export prohibition for France. |
| (1) Zinc chloride pro- duct containing zinc am- moniac* | Preference tariff 5% ad valorem. | protective tariff 15% ad valorem. | German exports: 20% of French demand. | (1) Export prohibition for France | |
| (2) Zinc chloride | | | | (2) Participation in exports arranged for by the Syndicate on a par with prowar quantities. | |
| Sodium sulphide crist. conc.* | Preference tariff 5% and valorem. | Protective tariff 25% ad valorem | As above. | As above under (2)... | |
| Hydrochloric acids | No duty on importa- tions from producers in Lorraine and Al- sace which do not exceed present quant- ities. | | See under A. | No exports to Germany | |
| Sodium sulphite.... | | protective tariff 25% ad valorem. | German exports: 20% of French demand. | (Participation in exports arranged for by the syndicate on a par with prowar quantities. | |
| Sodium bisulphite. | Preference tariff 5% ad valorem. | | | | |
| Barium chloride* | | | | | |
| Antichlor* | | | | | |

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| | | | | |
|--|-------------------------------------|--------------------------------------|--|---------------------------------|
| (1) Barium carbonate.... | | Protective tariff 25% ad valorem. | (German exports into France: (1) 30% of French demand (2) 25% of " demand | (2) Construction prohibition |
| (2) Products containing fluoride and hydro- fluoric acid.. | Preference tariff 5% ad valorem. | | | |

*see page 55 (77)
(page 36 of translation)

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| Product | | B | C | D | E |
|---|---|---|---|---|---|
| Potassium chlorate..... | " | | | | |
| Sodium chlorate..... | " | | | | |
| Percchlorates..... | " | | | | |
| Phosphorus..... | " | | | | |
| Potassium perchlorate... | " | | | | |
| Percchloron..... | " | | | | |
| Bichromates..... | " | | | | |
| Chromo alum..... | " | | | | |
| Chromosal..... | " | | | | |
| (page 70 of original document) | " | | | | |
| Synthetical tanning products. | " | | | | |
| *see page 55 (77) (page 38 of translation) | " | | | | |

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| Product | A | B | C | D | E |
|--|---|---|---|--|---|
| Oxalic acid* | What higher than RM. RM.50 per kilo, about the same as the pre-war tariff after prices had dropped. | Import duty per kilo 16,50 RM. (about the same as at the time of the establish ment of the tariff). | German export quota for France 1/3 of the French demand. | France to produce for the domestic demand only. Exports to the French colonies to be kept on the 1937-39 level. Amounts exceeding this level to be furnished exclusively by German industry un-til over-all exports amount to 8,000 tons per year. Exports to non-European French territories to be handled by the offices for the sale of oxalic and formic acid. | Licenses for the restoration of plants destroyed during the war. Said licenses to be compulsory also for plant-expansion on account of potential surplus production in either case. German ex-ports should be no less than 6,000 tons annually. |
| Formic acid* (page 71 of original document) | As mentioned above. | RM.18 per kilo. Other- wise see above. | As mentioned above 1/3 of the French consump- tion. | | |
| Organical intermediate products. | Preference tariff 5-10% of the value. | Protective tariff of 50% of the value. | The license system must be handled in a way that practically only German inter-mediate products may enter France. | Prohibition of exports | In addition to the repor- of the dyestuff division it is desirable to stop ti- production of the follow- ing products which are essential for the produc- tion of military require- ments: Pentaerithrit, Dinitrode-phenylamino, Chloracetophenone, Guanidin Nitrate, Picric Acid, Stabilizers, Special Products. |

*see page 55 (77)
(page 38 of translation)

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| Product | A | B | C | D | E |
|---------------------------------|---|--|-------------------------------|--|--|
| Vulcanisation accelerators..... | Lowering of tariffs for the following items in order to make German exports possible: | Import duty of 100% on the sales price of the individual products. | German imports to be allowed. | French industry to produce only for the French market. Prohibition of exports. | Establishment of plants only in accord with competent German authorities |
| | Item 0336 quarter: | | | Regulation of the furth development by syndicate agreement. | |
| | " Vulkacit D/Vul- | | | | |
| | " kacid 1000frs | | | | |
| | " per kilo-RM. | | | | |
| | " 21.72 | | | | |
| | " Vulkacit, M, DM, | | | | |
| | " P, U, and L, frs. | | | | |
| | " 385 per kilo- | | | | |
| | " RM. 23.68. | | | | |
| | " Vulkacit P.P extra | | | | |
| | " N and 774frs | | | | |
| | " per kilo - RM | | | | |
| | " 65.20 | | | | |
| | " Vulkacit Thiuron | | | | |
| | " Vulkacit J frs. | | | | |
| | " 1650 per kilo- | | | | |
| | " RM. 104.48 | | | | |
| | " Vulkacit CA, CT, | | | | |
| | " PP, TR 576 and | | | | |
| | " 576 extra 21.30% | | | | |
| | " of the value. | | | | |
| | Item 0381: Antioxydant | | | | |
| | " RR 10, NB, Aldol, | | | | |
| | " DNP, 4010 25% of the | | | | |
| | " value. | | | | |

*see page 55 (77)
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| Product | A | B | C | D | E |
|--|---|-----------|---|---|---|
| Solbrol..... | 'Reduction to 5% of 'the value instead of 'the present 25% | | | | |
| Microbino..... | 'Reduction to 5% of 'the value instead of 'the present 20% | | | | 'French exports to be 'prohibited. |
| Basilit..... | 'Reduction to 5% of 'value instead of 'the present 20% | | | | |
| Benzole acid..... | 'Reduction to 5% of 'the value instead of 'the present 25% | | | | |
| Iron oxide colors... | 'Reduction to 5% of 'the value instead of 'the present 20% | '50%..... | '(Export quotas accord: 'ed to Germany:30% 'of the French requir.) 'German share:30% of 'the French internal 'requirements but no 'less than 1,000 t. | 'No exports..... 'It would be advisable 'and in the French in- 'terest to establish 'an organization of 'ochro manufacturers- 'French ochro exports 'are now 50% of the '1938 exports. Exports 'to be prohibited to 'Germany. | 'License for construction 'and expansion |
| Kaurit glue incl. hardening agents. | 'Reduction to 5% of 'the value instead 'of the present 50%. | | 'German share:1/3 of 'the entire sales. | 'French exports to be 'prohibited. | |

* see page 55 (77)
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| Product | A | B | C | D | E |
|---------------|--|--|---|------------------|---|
| Membrane..... | Reduction to 5% of the value instead of the present 10%. | | | | |
| Coke..... | Reduction to 5% of the value instead of the present 20%. | 50% | | | |
| Cocacult..... | Reduction to 5% of the value instead of the present 27%. | | | | |
| Titanium..... | Preferential tariff to be 5% of the value | Protective tariff to be 25% of the value | German exports to France must be sustained. | See under E..... | Interdiction of new constructions, as the demand can be satisfied by German production. |

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| | | | | | |
|-----------------------|--------------------------|---|---|--|---|
| Butyl products..... | 10% of the value | 50% of the value | In addition to the share of Fabrique Al-socienne de levure et Alcools at Strasbourg in 45% share for German manufacturers in the French market. | Previous French exports were negligible in the future the French export activities should be allowed only when approved by the German syndicate. | Construction and expansion of plants should be subject to licenses. |
| Glycol..... | Preferred tariff | Protective tariff vote of 25% of the value. | Exports from Germany into France to be limited. | Inclusion in German-European cartel to be formed with H.Q. in Germany. No exports allowed for France. | France should be limited to the production of glycol. Construction and expansion of plants should be subject to license because the product is important for armaments. |
| Glycantin..... | vote of 5% of the value. | | | | |
| Ethylon chloride..... | Preferred tariff | Protective tariff vote | As above..... | As above..... | Construction and expansion of plants should be subject to licenses. |
| Ethylon oxide..... | vote 5% of the value | of 25% of the value. | | | |

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| Product | A | B | C | D | E |
|--|---|---|---|--|--|
| Thermoplastics and new condensation products. | Preferred tariff vote: 5% of the value. | Protective tariff vote '50-50% of the value. | Unlimited German ex- ports into France. | France should be li- mited to own markets. | Construction and expansion of plants for plastics subject to license. |
| Magnesium of all kinds..... Magnesium alloys.... | Preferred vote: '5% of the value. | Protective tariff vote '25% minimum. | France to supply own markets only. Extent of German exports to depend on decision whether French magne- sium plants in Sovey will go to Italy. | No exports permitted for magnesium of any kind, including semi- finished products. Syndicate for all Europe. | licenses for new construc- tion, expansions and for the starting of operations in plants heretofore idle. Reason: Importance of such plants for the production of armaments. |
| Beryllium chloride.. Beryllium alloys.... | Preferred tariff vote: 5% of the value. | Protective tariff vote '25% minimum. | As above..... | No exports permitted. | Same. |
| (page 75 of original document) Inflammable corium.. Corium alloy..... | Preferred tariff vote: 5% of the value. | Protective tariff vote '50% of the value. | German exports into France to be 25% of French demand. French exports may be 50% of actual German imports. | Establishment of a syndicate with quanti- ty and price agree- ments. Independent sales because the ar- ticle is protected by the trade-mark. | French firms which have so far produced only "misch metal," must not produce inflammable corium. Con- struction of plants should be subject to licensing as German production can fully supply world market demands. Product brings in much foreign currency. |
| Ferrotungsten..... Ferro-molybdenum..... Ferrovanadium..... | (Preferred tariff vote: 2%.....) | Protective tariff vote 20%..... | Production for French market only. the ex- tent of German exports to France should be subject to future re- gulations. Quota to depend on how much of French industry will go to Italy. | No exports permitted. Syndicate for the pur- chase of raw mate- rials for French mar- ket. Establishment of compulsory cartels. French industry will go to Italy. | Construction of new plants subject to licensing. |

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3. "BAYER" PHARMACEUTICAL PRODUCTS, DENTAL SUPPLIES, CHEMICALS FOR PEST CONTROL, VETERINARY PRODUCTS, "BEHRINGWERKE" SERUMS, VACCINES.- As reported under I-3, the pharmaceutical branch of the I.G. business suffered considerably, although on the other hand, the German pharmaceutical industry, and "BAYER" in particular, have shown during the postwar period that they lead in this field, with respect to scientific development and economic progress. We therefore believe ourselves to be justified in insisting upon the carrying out of the following proposals, especially since this is a necessary requirement in the sound planning of a European New Order.

A. All rights derived from trade-marks used in the pharmaceutical field which were seized previously should be restored. All trade-marks which were seized during the World War and which after the war were treated as free trade-marks because of our inability to protect them through legal channels and which thus became inaccessible to us, must be restored to the owners and registered and protected with retroactive effect.

B. The French market is to be opened to firms of the German pharmaceutical industry on a basis of free competition. With regard to important pharmaceutical products, this free competition must be regulated by syndicate agreements.

The carrying out of these proposals would seem to be sufficiently assured if our proposals proposed under II are accepted. From the point of view of the pharmaceutical industry, the following detailed remarks have to be made:

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TO I (1).- The maximum tariff on special pharmaceutical products should not exceed 10 to 15 % of the tariff-free value.

TO III A (c).- A profit percentage of 5 % of the turn-over seems to be a reasonable figure with respect to the pharmaceutical business.

C. In addition, several French administrative regulations concerning the pharmaceutical field in France must be abolished or changed on account of their restricting influence:

(a) German pharmaceutical products must be given the same consideration as domestic products by French authorities or French public institutions when issuing invitations for bids or when otherwise placing orders.

(b) Regulations protecting the domestic serum industry must be abolished in order to guarantee free import of German serums and vaccines.

(c) Official French quarters must be prevented from fostering the nationalistic attitude which is prevalent particularly among doctors and pharmacists and which is detrimental to the German pharmaceutical industry, in that domestic medicines are recommended or their sale promoted and their use is even obligatory. Necessary precautions must be taken that such practices are not introduced by administrative acts aimed at protecting domestic products. Such a state of affairs as exists for example among the organization of French veterinaries must disappear or at least German firms must be able to compete on an equal footing.

(d) In the field of plant pest control, the regulation forbidding the use of mercury disinfectants in plant cultivation must be abolished, as this no longer conforms to present scientific standards. This step should be taken particularly in the interest of French agriculture in order to make available modern methods used in pest control and to make possible the disinfection of cultivated fields on the widest possible scale.

D. The "General Part" has pointed out the necessity of organizing the whole pharmaceutical industry in Greater Europe under the leadership of the German pharmaceutical industry in such a way as to achieve its great objective in the most direct way possible. In the interest of these plans it is therefore necessary to define precisely future activities of the French pharmaceutical industry.

The French pharmaceutical industry should be compelled to restrict its activities to the domestic market. Exports should be allowed only insofar as price and market regulation agreements made with German firms of the pharmaceutical industry permit. This should apply in particular to the more important pharmaceutical chemicals, whenever their export is the subject of a world wide general agreement. In this connection, we reserve the right to submit separate suggestions on the part of the German pharmaceutical industry.

To safeguard such cooperation in the export markets we should plan either to have French firms financially participate in these enterprises or to affiliate them with German export organizations abroad. This planned cooperation makes it imperative to determine and to examine international cartel agreements made by the French pharmaceutical industry so as to adapt them, if necessary, to the newly created situation and thus to prevent non-European firms from profiting from German ideas.

Particular emphasis must be placed on the dangerous situation resulting from the fact that at the present time chemists who have worked in France emigrate to other countries. In these countries they might create new national industries by using French and also German production methods the knowledge of which they had acquired in France. These industries in turn might have a detrimental effect on German exports.

These agreements, should stipulate that the licensing agreements between ourselves and the French firms of Societe Parisienne d'Expansion Chimique (Specia), Paris, Les Laboratoires Francais de Chimie Therapie (Chimio), Paris, and Societe des Usines Chimiques Rhone-Poulenc, Paris, which were concluded under political and economic circumstances different from those existing at present and which refer to important special pharmaceutical articles, should be abrogated. Insofar as French firms have effectively cooperated in the production of particular products, new licensing agreements on a sounder basis may be concluded. Such agreements will give to our French partners such advantages as they are entitled to in proportion to their participation in the discoveries of these compounds.

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In the field of serums, agreements must be made concerning the sale of French serums and vaccines, in particular those produced by the Pasteur Institute. As in the case of the pharmaceutical industry, they should stipulate that the French domestic market must be open to free competition. In the field of exports, however, the French producers of serum would be obliged, just as the producers of pharmaceuticals, to consult with the German industry on questions of price and of market regulations. This takes into consideration the facts that the discovery of antitoxins which make the blood immune to certain toxins and the serum therapy, which is based upon this discovery, are German inventions.

Special arrangements should also be made for the business in dental supplies in France, which is characterized by the existence of very complicated international agreements. The French market receives a large part of its dental supplies through the firm of de Trey (USA.).

England, and Switzerland) which has secured its position through financial participation in the more important French dental supply houses. In the interest of the German dental supply industry, it would be desirable also to bring out German dental products on the French market. This could be achieved, if necessary, by parallel agreements with the leading firm of de Trey. It should be insisted, however, that the buying of these supplies, which heretofore has been mainly done in England and the United States should be switched to Germany in the future.

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In the carpule field the firm of Rhone-Poulenc should be urged to conclude a new agreement with us, as its cylindrical Scurocain-ampulla is a plagiarism of our registered Carpule.

On the French side, this New Order established in our mutual relations would have to be supplemented by a decree forbidding the construction of plants producing pharmaceutical products. In addition, a number of small and unimportant laboratories most of which are of local importance only should be closed.

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4. PHOTOGRAPHIC PRODUCTS ("PHOTOGRAPHIKA").- In order to reorganize and develop export of German photographic products to France in the future, it would be desirable to prevent further development of the French photographic industry insofar as such development relates to products which can be supplied through German productive facilities.

In order to insure continued existence of the French photographic industry, a 5 % tariff protection for photographic products, including cine-rawfilm, of French industry is deemed sufficient. In this connection, said tariff should be granted Germany as a preferential tariff, whereas a tariff of 25 % should be imposed on imports into France from the Photographic industry of the remaining foreign countries (thus covering American and English photographic products). Under these circumstances, we consider quotas superfluous. They should therefore be removed.

In order also to participate in the supplying of French colonies, it is advisable to have German photographic products placed on a basis of equality with French photographic products, for purposes of customs treatment.

The French photo industry should limit its sales to France and the French colonies. Exports to other countries should be allowed only in accordance with the requirements of German exports.

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5. AROMATIC SUBSTANCES.- In order to organize future exports of synthetic aromatic substances (Translator's note: i.e. perfumes, etc.) to France, it will be necessary to remove obstacles which are now standing in the way of imports and more particularly to reduce the tariff of

20 plus 5 percent to 10 % including all incidentals. In this connection it should be borne in mind that the tariff applies not only to synthetic aromatic substances but also to compounds of aromatic substances, and by compounds should be understood mixtures of oils, resins, and synthetic aromatic substances.

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6. ARTIFICIAL TEXTILE FIBERS.- Cellwool (Viskra, etc.): Requests concerning future organization and development of German exports of cellwool (Viskra, Cuprama, Lanusa, Aceta Fiber) to France, will on behalf of the entire German cellwool industry, be submitted to the Reich Economic Ministry by the Professional Group for Chemical Production of

Fibers and/or the Economic Group for Chemical Industry.

Artificial silk: With respect to artificial silk, it would be desirable to provide regulating controls through guiding principles similar to those existing for German producers within the Association of German Artificial Silk Producers, in order to prevent the sales policy of French competitors in the different foreign markets, from causing further damage to Germany's artificial silk industry. The individual requests of the entire German artificial silk industry will be submitted in detail by the Association of Artificial Silk Producers through the Economic Group for Chemical Industry.

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7. NITROGEN AND NITROGENOUS PRODUCTS.- Without considerable limitations inherent to the present exposition, it is not possible, in the FIELD OF NITROGEN, to make suggestions concerning the shaping of future relations between Germany and France. On the one hand it would be impossible to separate French production from European nitrogen production as a whole. This was demonstrated under the European Nitrogen Convention (CNA) already prior to the present war and will be demonstrated even more clearly in the future. Consequently French production should not be considered separately. The shaping of Franco-German relations in the field of nitrogen should preferably be fitted into the structure which will be set up in the economic sphere of Greater Germany upon the final conclusion of this war. On the other hand, it is not up to I.O. alone to determine this structure, but it is one of the tasks of the Nitrogen Syndicate ("Stickstoff-Syndikat") which safeguards the interests of all German nitrogen producers. Consequently, detailed suggestions concerning the shaping of the relations between and among the European nitrogen industries should be left to the Nitrogen Syndicate. The important problems in connection therewith are therefore being only roughly sketched at this point.

Before nitrogen industry can be fitted into the European sphere, and its relationship with the rest of the world can be established, there are three main problems which, on the one hand, should be solved separately, and which, on the other hand, should be coordinated:

1. Development of agriculture in the European sphere and its relation to the agrarian markets of the world.
2. Systematic arrangement of the European nitrogen markets, taking into account imports of nitrate (Chile saltpetre) advisable for politico-economic reasons, and regulation of nitrogen exports from the European economic sphere to the nitrogen markets of the world.
3. Taxation of industrialization in the field of nitrogen production, within the borders of Greater Germany's economic sphere, and influence exerted on the development of the remaining nitrogen output of the world.

In many respects, these problems are closely related to one another so that, in connection with any new order in the nitrogen industry, it will be necessary to take their reciprocal effects into consideration. Bearing in mind the fact that the nitrogen production of France did not, until the outbreak of war, suffice to cover France's own requirements, and that considerable quantities had to be imported (sulphate of ammonia, sodium nitrate, etc., for fertilizing purposes, as well as sal ammoniac and urea for technical purposes), the following will be a requisite for the nitrogen situation in France:

Participation of French industry in exports should be prevented also in the future.

This request is primarily based on the prior situation described

hereinafter. In conjunction therewith, attention is called to the fact that France's total consumption of nitrogenous fertilizers for 1938-39 amounted to approximately 180,000 tons N. A comparison of this figure with the consumption figure of 745,000 tons N during the same period in Germany (including annexed Austria ("Oetmark")) reveals that a considerable increase in the consumption of nitrogenous fertilizers is possible in

France proper. The use of nitrogen in France amounted to an average of approximately 5 kg. pure nitrogen per hectare of agricultural exploitation area in comparison with e.g. 32.6 kg. in Belgium and 21.4 kg. in Germany.

Then, too, attention should be called to the fact that France appropriated processes of I.G. which had been developed as a result of long years of research, and that, due to the work espionage conducted during the occupation of Oppau, she was in a position to speed up considerably the development of her own synthetic nitrogen industry.

In December 1933 the Nitrogen Syndicate concluded an agreement with the Comptoir Francais de l'Azote, ("French Nitrogen Office") Paris, by virtue of which the Nitrogen Syndicate enjoys priority in supplying France's additional requirements of sodium nitrate. Said agreement was ratified by an exchange of notes between the two governments. Each year an understanding was reached with respect to the quantities to be delivered by Germany, and, in connection therewith, requests expressed by other producers (Norway, Chile, U.S.A.) were taken into account within the framework of earlier agreements. Said agreement has not been cancelled.

For the future, it is desired that -in a manner similar to that proposed for other markets- Germany be given PRIORITY for (the supplying of) all additional requirements of nitrogen of any kind. This step shall be designed, in particular, to exclude or control North American imports ("Obviously 'Imports from North America' ") and imports of Chile Saltpetre. ("Nitrate (of soda)"). Chile saltpetre can be substituted by other synthetic nitrogen products, as has also been done in Germany.

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In order to insure German exports to France it will be necessary to clear or remove the following obstacles which are now standing in the way of exports to France of German goods as well as of foreign goods insofar as the latter are exported through the intermediary of Germany:

- Licensing system.
- Caisse de Péréquation.
- Levy of 4/5 Pfg ("Abbreviation for German pennies") per kg N (for the benefit of France's nitrogen industry and agriculture).
- Prohibitive tariff for technical nitrogen products.

In accordance with political developments, control of the armament industry in those countries which were or still are at war with Germany, will probably have to be expected. Attention should be called to the fact that, for reasons of economic defense, such control, in the field of technical nitrogen, should appropriately begin with raw materials, e.g., with nitric acid and ammonium nitrate. Said control would be a task incumbent among other things, on a new "central office" to be set up, pursuant to the plans of the Nitrogen Syndicate, at the latter's headquarters in Berlin, and should encompass, on the strength of an agreement, ("Convention") all nitrogenous fertilizers -i.e., also calcium cyanamide which was not taken into account by the former cartel- and nitrogenous

products for technical purposes.

Finally it appears important in this connection to refer to the fact that French capital holds an interest in NORSE HYDRO A/S, domiciled in Norway, with which I.G. maintains close technical and business relations. Said interest, however, is widely distributed and the votes inherent thereto are largely represented by French banks. Individual shareholders are I.G. and its Swiss friends, "I.G. Chemie" in Basle.

(page 92 of original document)
8. IMPORTS.- In connection with the question of imports, mention should be made of the fact that I.G. has, in the last few years, imported from France and her colonies and mandates an annual average amounting to APPROX. RM. 1,100,000 including especially:

Chromium ore
Phosphate
Sulphite
Aromatic substances
Antimony, etc.

I.G. is, of course, greatly interested in securing continuation of the import of these products also in the future. At this point, we refrain from making concrete suggestions or requests, since imports of these products for I.G. are relatively small in comparison with the import requirements of the German Reich, and since we also assume that the requests of I.G. will be taken into account in drafting the regulations respecting imports from France, which are to be enforced by the appropriate German Government authorities.

We should like to reserve the right to supplement the suggestions and proposals made in this exposition, if warranted, and to cover additional problems which may arise in the course of the negotiations.

I, Randolph A. Newmann, AGO B. 397712, hereby certify that the above text is a true and exact copy of exhibits # 2 through 4 (pages 1415 through 1445), chapter VI of Hearings before the Subcommittee of the Committee on Military Affairs, U.S. Senate, 79th Congress for session pursuant to S.Res.107 (78th Congress) and S.Res.146 (78th Congress) authorizing a study of War Mobilization Problems- Part 10.

RANDOLPH A. NEWMANN,
AGO B. 397712.

(Stamp)

Memorandum for the Files

Confidential

Subject: Peace planning.

Reference No.: Berlin M/7
Department: t/oz Unter den Linden 82

7 August 1940

As a result of a conference between Mr. von Schnitzler and Mr. Frank-Fahle, the undersigned has been asked, at the request of Mr. von Schnitzler, to transmit to the competent official authorities the documents on peace planning hitherto available, namely:

- 1) the letter
- 2) the general part
- 3) the material pertaining to France.

1) The material was transmitted to MD Schlotterer in the course of a two-hour conversation dealing with the fundamental problems and - as far as was possible considering the large amount of material - also with basic and important individual questions of Farben material.

MD Schlotterer's reaction to the material presented to him by us was essentially and entirely positive with regard to both methodical procedure and basic conceptions and the evaluation of individual questions undertaken by Farben.

This favorable reaction accordingly covers the project planned by the Commercial Committee (K.A.) for memos on countries in the order chosen in this list, as well as the internal organization of our material, e.g. the development of our material, as planned in the letter to MD Schlotterer.

It is important to emphasize that MD Schlotterer not only considered it necessary for our specific desires to be formulated in a clear and practical manner, but also that the

general part - the historical development - and the formulation of general requests planned by us should be set out basically and on broader lines. MD Schlotterer likewise considers it right to draft the general part as it has been drafted, and agreed entirely with the arguments on which the general part is based. (Leadership of German chemistry in 1914; subsequent "Relativierung" due to Versailles; necessity of restoring this leadership under the New Order.) The talk on individual points was mainly concentrated on the discussion of the dyestuff section, which, as is known, contains Farben's most urgent request. MD Schlotterer was of the opinion that the formulation chosen by us definitely did not represent an excessive petition, but, in his opinion, would probably fit organically into the development of the peace project.

In connection with

(Page 2 of Document NI-8840)

the French request discussed in this connection for an early conference with the German dyestuff industry he pointed out that it was advisable to deal with these matters in the closest possible agreement with Ambassador Henson, but also to discuss the matter thoroughly with Dr. Ungewitter and come to an agreement with him before negotiating with the French, so that the participation which we consider expedient from the private economic point of view does not run contrary to the interests of the national economy generally, of which Dr. Ungewitter is in charge. Should the discussion with Dr. Ungewitter result in difficulties, MD Schlotterer is prepared to discuss such divergences thoroughly with us.

Regarding the negotiations with the French in Wiesbaden, which were thus approved in principle, MD Schlotterer emphasized the necessity of not starting the actual negotiations unless the first negotiations had made it sufficiently clear that the

France had not come to anticipate the negotiations and bargain for a favorable ownership status, but had made it obvious that they were prepared as a matter of sheer necessity to cede the first place to the German dyestuff industry.

As a further example the Kodak affair was discussed. MD Schlotterer agrees entirely with our opinion: that the Americans must be eliminated from French production with all means at our disposal. The very definite stress which MD Schlotterer lays on this point leaves no doubt that we need not be at all particular in the choice of these means.

The chemical proposal for the organization of long-term syndicates was greeted with similar approval.

The formal requests submitted with regard to preferential tariffs, quotas, construction freeze, and compulsory license were all described by Schlotterer as possible means of regulating German-French economic relations. He especially emphasized here that he welcomed the extent to which Farben participated in the consideration of such questions of trade policy.

When he has had time to read the document carefully, MD Schlotterer will inform us of his decision, besides giving us suggestions which we may be able to use in dealing with material received in future.

2) The conversation with MR Iahof which took place on the initiative of MD Bergemann resulted in the same agreement in principle as with MD Schlotterer. Mr. Iahof especially welcomed Farben's reports on a special type of European - or, rather, German-preference, which he believes he can use while establishing the Europe-clause planned by him.

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The following details are interesting:

1. That it is actually a matter of course that on the basis of Germany's superiority from the angle of power

politics, the economic and political superiority of Germany over France, to be firmly steered by Germany, should be established once and for all. Here MR Inhof is not thinking in any way of crippling France, but of restoring French economy on a sound basis, to be subordinated in every case, however, to German interests.

2. The method planned by Farben was approved by him with regard to participation, customs, quotas, construction freezes, compulsory license etc. One interesting point was that he considered Farben's participation of only 50% as "quite honorable" ("sehr honorig"); he also believes that the fullest possible use should be made of the opportunities for private economic understanding in this direction, but not in the form of a compromise to Germany's disadvantage.

3. MR Inhof agreed provisionally, pending closer examination, to Farben's general requests regarding rights of settlement and tax policy; and considered the formulations which we had chosen difficult of achievement but so important in principle that he intends to include them also in his planning.

As regards the order in which the further work is to be done, MR Inhof stressed that it would be practical to work rapidly on Denmark after Holland and Belgium.

3.) The conversation held with MR Schulze-Schlutius at HD Bergemann's request brought exactly the same result and the same agreement. MR Schulze-Schlutius only recommended in addition that the new material be forwarded also to the new expert on France - Oberregierungsrat Klesper in the Reich Ministry of Economy - and to ORR Jahnke; and this has now been done. On the other hand he did not consider it advisable at the moment to forward it to Mr. Segert (expert on capital participation). We suggest awaiting HD Bergemann's return

with regard to this matter.

4) The transfer to the economic group could not be made to Dr. Ungewitter, as he is on a fairly long business trip, but was made, after consulting Mr. Dietrich, to the competent examining office (Mr. Born). We consider the substitution of Mr. Born, who actually is in every way the competent expert for the whole group of questions, extremely fortunate, as the transferred material satisfied the justified interest of Mr. Born to such a degree that we may assume

(Page 4 of Document NI-6840)

that we have gained in this a reliable advocate of our methods to Dr. Ungewitter. This circumstance is all the more important because the method favored by Dr. Ungewitter does not harmonize with our method. The latter circumstance became evident to some extent when our material was transmitted to Mr. Born. According to Mr. Born's statements, the procedure followed by the Economic Group aims at the following:

1. The drafting of a list of principles of economic policy which are to be consistent for construction in the European chemical sector. This anticipation of constructional principles for chemistry aims at creating in a certain sense a pass-portfolio (master-key) in the Reich Ministry of Economy for the chemical industry, so that it will be able to organize independently what it considers expedient, within the limits of the principles approved by the Reich Ministry of Economy.

The fundamental constructional principle of the Economic Group, as we were able to establish after surveying the completed draft, is definitely the cartel principle. All the European industries are to be organized, each in its own time, into such planned cartels, voluntarily linked together, in order to regulate within this organization the production and the market under German management and in accordance with

German interests. The foreign relations of these cartels with countries outside Europe is to be regulated by means of special syndicates attached to the cartels.

2. Mr. Ungewitter intends to propose a formal overall ruling of this kind to HD Schlotterer, with the addition of a few practical examples - e.g. cartel organization for aniline dyes, nitrates etc. and similar important standard products - so that HD Schlotterer's approval of this procedure may justify its being left to the discretion of German industry to organize and administer model regulations of this kind, their cartels functioning under state supervision.

3. Mr. Horn stated spontaneously that this procedure was chosen by the Economic Group mainly in order to avoid exaggerated bureaucratism in the treatment of cartel problems. He explained that the self-liquidation of bureaucracy in the Economic Group was actually one of the proposals to be made to HD Schlotterer, but did not mention that the bureaucrats, although they are disappearing from the Economic Group, are appearing all the more actively in the management, control and direction of cartels and syndicates.

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At any rate, this interesting line of argument advanced by the Economic Group, as far as it could be surveyed hitherto, does not give the impression that Mr. Ungewitter has no inclination to continue to interest himself in the shaping of the German chemical industry as he sees it. It may be that Mr. Ungewitter's views correspond entirely with our needs. Since, however, this identity of views cannot wholly be vouched for and must be secured for the future, it remains necessary to keep a careful watch on the policy pursued by Mr. Ungewitter to obtain the above-mentioned passe-partout, to judge it sceptically at the moment and possibly to try to

gain a certain influence on the drafting of the formal general regulation planned by him. The latter method should, however, not be tried more energetically unless a conversation to be held between ED Schlotterer and ED Bergemann shows that REB considers a general ruling of this kind practical and useful.

In establishing the reaction of the Economy Group it is important to underline the fact that Mr. Born has even at this early date asked for our views on the general ruling as well, as this is a good supplement to the important work which we submitted on France. We have explained in this connection to Mr. Born that we considered France not only as a model for the plans on countries asked for by the Reich Minister of Economy, and which will follow shortly, but above that as a classic example of the whole factual consideration to be done in connection with large-scale area planning. Mr. Born warmly welcomed this combination of both viewpoints and believes that this collaboration - according to progress on the part of the economy group and especially on that of Farben - constitutes the right synthesis for dealing successfully with the above project. In addition, we discussed the entire Farben program with Mr. Born in a conversation lasting nearly two hours. During this discussion Mr. Born approved in principle the basic trend of our draft, as well as the draft of the individual paragraphs of our work and the individual requests as formulated.

In regard to the trend of our requests, he only expressed the view that the petition submitted by us no doubt contained minimum demands, which we could certainly formulate more strongly in the case of the exchange becoming more unfavorable to France without endangering private economic interests on our side. We agreed to this general form.

Mr. Born had nothing to add to the individual requests

in our memorandum. If, after reading it carefully, he still has remarks to make he will notify us immediately.

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In addition the following details were interesting:

1. Mr. Born considers it extremely difficult to solve the Kodak/Europe problem, as quite contrary to the wishes of the Economic Group, the German Kodak apparently intends to take over the role of the European Kodak.

2. It was clearly seen from Mr. Born's statements that the Reichswerke Hermann Goering were interested in the Belgian Solvay Complex, which is all the more remarkable in that the German Solvay company, owing to lack of capital, can scarcely be in a position to solve this problem.

3. Mr. Born was of the opinion, that the AKU - problem Holland can already be regarded as settled.

4. Mr. Born believes that we should also investigate whether Farben has any kind of interest in the Unilever.

5. Mr. Born further explained, that he does not consider the customs question of special urgency in the long run, since the Economic Group is occupied in working out a new tariff.

6. Mr. Born thinks he knows that the customs barrier still existing between Reich and Protectorate will be lifted on 1 October of this year.

Signed: Forster

CERTIFICATE OF TRANSLATION

I, MONA A.M. MACLEOD, hereby certify that I am thoroughly conversant with the English and German languages, and that the above is a true and correct translation of the Document NO. NI-6940.

3 July 1947

MONA A.M. Macleod
H.E.P. 39347
U.S. War Department

-END-

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TRANSLATION OF DOCUMENT NO. NI-11377
OFFICE OF CHIEF OF COUNSEL FOR WAR
CRIMES

I.G. FARBENINDUSTRIE AKTIENGESELLSCHAFT
82, Unter den Linden, Berlin NW 7, August 23, 1940

Re: Netherlands.
Ministerial Director Dr. Schlotterer,
Reich Ministry for Economic Affairs,
43 Bohrenstrasse, Berlin W. 8.

MY DEAR MR. MINISTERIAL DIRECTOR:

Referring to our letter of August 3rd with which we submitted our papers on France relative to the question of the potential reorganization of the European economic sphere, we beg to enclose herewith our outlines on Holland. Our exposition on Belgium will follow shortly.

H e i l H i t l e r !

I.G. FARBENINDUSTRIE AKTIENGESELLSCHAFT

(Sgd) WEBER-ANDREAE
(Sgd) ILGNER

P.S.-A letter worded like the above is being sent to :
Ministerial Director Dr. Borgemann.
Ministerial Director Dr. Mulert.
Dr. Ungewitter, Chemical Industry Examining Office.

CERTIFICATE OF TRANSLATION:

I, Wilhelm Tanner, ETO No. 20034, hereby certify, that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of Document No. NI - 11377

.....
Wilhelm Tanner
Civilian
ETO 20034

-END-

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Dr. G. von SCHNITZLER

Alsboben/Gross
Frankfurt/M. 22nd October 1940

To the members of
the Commercial Committee.

Strictly confidential!

Gentlemen,

During a recent visit to Ministerialdirigent Dr. WULERT the latter asked us to make up our minds with respect to the English problems as soon as possible. It is evident that our program for France was received very favorably by the official agencies. It was not so much that this program would now have to be that of the Government too, but the recognition that among the confused mass of petitions from the Reich and economic groups, chambers of commerce, etc., it was one of the very few documents which gave the Reich Ministry of Economics clearly formulated and well thought out proposals for practical purposes. It is obvious that a similar program is desired for England before the end of the hostilities with her, so that when an armistice is concluded the lack of clear ideas in the field of political economy should not again prove a disadvantage, as in the case of France. I immediately drew Herr WULERT's attention to the fact that the problem of England was much more of a world problem than that of France and that it would therefore be extremely difficult to express our desires regarding England in as concrete a manner as we had done for France as long as one cannot see clearly what the situation of the Empire will be and what attitude the USA will take in future discussions.

Nevertheless, he begged us to submit to the Reich Minister of Economics a statement of how we plan a peace program with respect to the English chemical industry and especially in regard to the ICI.

It would therefore be advisable that on the occasion of the next session of the KA (Commercial Committee) we first of all discuss for purposes of information what desires we have with regard to England and the African and Asiatic parts of the Empire. Whether it is then advisable to notify the authorities of our desires, will depend on the result of our discussion. In any case, I have asked the office of the Commercial Committee to put down "England" as the first item on the agenda for our next meeting.

Heil Hitler!
(signature): G.v. SCHNITZLER.

CERTIFICATE OF TRANSLATION

I, DOROTHY E. PLUMMER, USFET 492, hereby certify, that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of Document NO. NI-6955.

24 June 1947

DOROTHY E. PLUMMER
USFET, 492

A F F I D A V I T

I, GEORG VON SCHNITZLER, member of the Vorstand of I. G. Farbenindustrie from 1925 until 1945, after having been warned that I will be liable to punishment for making a false statement herewith state the following under oath of my own free will and without coercion.

1. In the first four paragraphs of my affidavit of 4 March 1947, which I swore to before representatives of the Office of Chief of Counsel for War Crimes, I have stated the true circumstances under which I gave information, by means of statements and interrogations, concerning the I. G. Farbenindustrie and other matters to Allied investigators in 1945. These four paragraphs should also be considered as an introduction to this affidavit. Below I consider further statements or interrogations which I subscribed to during 1945, and which I have been shown and which I have re-read between 16 February 1947 and the present time. When I subscribed to these statements or interrogations in 1945, the matters to which I subscribed were true to the best of my knowledge and belief at that time. The errors I now find after re-reading these documents are set forth below after the text of the respective statement or interrogation.

2. On 12 July 1945, I wrote up in longhand a four page statement concerning Francolor entitled "Statement to the different questions July 9th - Second part," the text of which follows:

"1) Francolor

(1) date of acquisition of shares

The French Law authorizing the Foundation of Francolor has been published December 16th 1941 (Journal officiel). This date although can be regarded as the date of acquisition of shares. The I.G. shares having been given as countervalue to the French group are carrying coupons beginning with the years 1942.

2) The basic conditions are

- a) definite and eternal peace between French and German dyestuff-industries - settling all differences from I. world war, Ruhr-occupation and second war;

(signed) G v Schnitzler

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- b) full occupation of French dyestuff industrie as soon as normal conditions are restored; 7000 t of dyestuff a year;
- c) I.G. grants technical help - to a large extent without counter-value;
- d) Francolor normally will only export to neighbouring countries i.e. Belgium, Spain, Portugal and Germany (to Germany through the channels of I.G.) eventual other export countries later on to be discussed.
I.G. only exports to France products of the domain of dyestuffs, which Francolor does not manufacture at all or not in sufficient quantities;
- e) products which up to now have been manufactured in the factories brought into Francolor and which do not fall under the domain of dyestuffs (means dyestuffs properly spoken, intermediates for dyestuffs and auxiliary products in connection with dyeing a.s.o. - remain with Francolor but are sold by the so-called mother-houses, Kuhlmann, St. Denis, St. Clair-du-Rhone;
- f) so-called "new" products, that means-products on one hand not falling under the domain "dyestuffs" and on the other hand not yet having been fabricated by the mother-houses in the Francolor-factories can only be taken up after the Conseil d'Administration has given its consent with a majority of 2/3;
- g) participation in the capital:
I.G. 51%
French group 49%
both sides: 4 administrateurs each.

(Page 2 of typewritten copy)

The president has always to be French, can only be taken from the French list with the consent of the French government.
As the French law provides: that no decision can be taken against the voice of the President with the participation of
51% I.G.
and 49% French group
practically means parity.

If for instance I.G. would have tried to bring a decision through against the President's opinion, the latter would have resigned, a new President would have to be found and the consent of the government would have to be requested.

Thus the eventual endeavours to overrule the French group from the very beginning was excluded. The first Conseil d'Administration consisted of

| French side: | I.G. side: |
|----------------------------|-------------------|
| Joseph Frossard, President | G. von Schnitzler |
| René Duchemin | F. ter Meer |
| Georges Theumar | H. Vaibel |
| Georges Despret | C. Ambros |

- h) The capital was fixed at 800 Mill.Frs. This amount corresponded to the evaluation of the fixed assets which were taken over at such a high price that Kuhlmann for instance had to put some

(signed) G v Schnitzler

100 million francs into an extra-reserve created in connection with the Francolor-transaction.

The resp. plants and equipments at Kuhlmann having been written off before.

The current assets were being taken over at the cost-prices of 1939 with an addition of something between 30 and 40% owing to the depreciation of the franc and the higher general index.

- i) I.G. shares were accounted at the approximate rate of July 1939, i.e. 160;
 - k) a technical and a commercial committee had been constituted. Both had to do the preparatory work for the decisions to be taken by the Conseil d'Administration.
- 3) No Reichskommissar was appointed.
The French group approached I.G. in November 1940 for the first time in Wiesbaden through the Commission of armistice. The negotiations then were conducted in an purely private way. Only twice representatives of both governments were present. The first day in Wiesbaden and at the decisive day, when the agreement in principle has been reached, in Paris in March 1941.
- 4) To the question of "sponsoring" (Statement of July 10th) I would like to add to my statement that I have given a description of the happenings as correct as possible, in details a mistake might have arisen, as so many years have passed, but this mistake can only be of minor importance.

July 12th 1945

(signed) G. von Schnitzler"

This statement still appears to me to be true and correct to the best of my knowledge and belief, except that in paragraph (h), page 2, I wrote "some 100 million francs" but I meant to say "several hundred million francs."

3. On 30 August 1945, I signed a one page statement re German-French relations, the text of which follows:

vs "Under the armistice and based upon the "slogan" of collaboration and intercourse between the German and French industries had developed, which practically included the whole French industry.

In the chemical domain it was only Pechiney, the factories and water-over stations of which were in the inoccupied part of France, which showed a more satisfactory attitude.

All the other companies did cooperate in full, but even of Pechiney I was informed, that at one of the last monthly dinners, which took place between representatives of the German authorities and industrialists on one and the corresponding French ones on the other side, a representative of Pechiney was present. As another example I may cite the name of M. Marcel Boussac, the greatest industrialist in the textile field. His

(signed) G v Schnitzler

works were occupied to a large extent for direct or indirect orders of the Wehrmacht, and he himself was frequently with German representatives at luncheon- and dinner parties. The same applies, as far as I can judge it, to the iron- and steel-industry, and the work done by Schneider-Crouzet for the Wehrmacht is publicly known. - As another example of this collaboration the following might be of interest:

In the summer of 1942 the International Chamber of Commerce showed a new activity. Under the presidency of Mr. Bagge, a high ranking Swedish judge the "Court arbitral" at the Chamber in Paris was newly put in function. - As Vice-presidents were designated M. Albert Buisson, Paris, formerly undersecretary of state and now "President de Conseil" of Rhone-Poulenc and myself. M. Buisson as well as I, we both accepted the invitation of Mr. Edstrom, the Swedish president of the Chamber and acted jointly twice or three times for the settlement of certain cases, which of course were entirely prepared beforehand.

Frankfurt, Aug. 30th, 45.

(signed) G. von Schnitzler."

This statement still appears to me to be true and correct to the best of my knowledge and belief.

4. On 19 July 1945, I signed a four page record of interrogation concerning Winnica, I.G. Chemie, and General Aniline and Film (GAF), the text of which follows:

- Q. Before the Nazi occupation of Poland who owned the Winnica?
- A. The Winnica was owned 50% by the French group and 50% by the I.G. Chemie Basle. We turned these 50% over to them. If the I.G. Chemie had turned them over to another firm, I don't know. We controlled practically the other half from the business standpoint.
- Q. When was the Winnica founded?
- A. About 1931 or 1932.
- Q. Were you in charge of the negotiations in regard to the Winnica?
- A. Yes, between the French. We financed our half of the capital mostly by the way of intermediates we supplied to the Winnica.
- Q. In 1931 or 1932 I.G. was anxious to penetrate the Polish dyestuff industry? Is that right?
- A. No, the idea came from the French. The French had built up a substantial business in Poland. They looked for a foothold in Poland. It was Frossard who bought this soap factory, and that was the beginning.
- Q. Is it not true that I.G. urged Kuhlmann to form this Winnica as a French company because I.G. did not want the Polish government to know that I.G. was entering the Polish dyestuff field?

(signed) G v Schnitzler

A. We could not erect a factory in Elan for our own. We had in Poland no
vs "Widerrlassungsrecht" right of settlement. It was convenient for us that the
French who had the right of settlement did it 50:50. We could not enter
directly.

Q. Then you approached Kuhlman and said to Kuhlmann: Suppose you build a new
French company in Poland because you have the right. Is that right?

A. It is just like when two young people approach each other. It is very
difficult to say.

Q. It was easier for I.G. to have the French enter?

A. Yes.

Q. And your negotiations with the French were with Mr. Frossard?

A. Exactly, the same man.

Q. 50% of the ownership of Finnica was openly held by Kuhlmann?

A. Yes.

Q. The other 50% was held openly by I.G. Basle? Is that right?

A. I think they were not openly held. Kuhlmann held openly a 100%.

Q. Openly Kuhlmann held a 100% interest?

A. It was only a French-Polish board and the Poles were the Guinea-pigs.

Q. Not, in fact, 50% of the Finnica was secretly held by I.G. Basle?

A. Yes, I.G. Chemie had it on its own risk. I can tell you what at that time
I said to the men of I.G. Chemie: "Daran sollen Sie kein Geld verlieren"

vs

(Page 2 of the original)

Q. Who put up the money for the stock secretly held by I. G. Chemie?

A. We, later on I.G. Chemie.

Q. You paid partly in money and partly in goods for the Finnica shares?

A. Yes.

Q. But in fact I.G. Chemie paid nothing for the 50% of the shares of the Finnica?

A. Originally no.

Q. Where were the shares held by I.G. Chemie?

A. They were for a long time in Paris with Kuhlmann. Later on they were turned
over to Basle. I think for a very long time Kuhlmann held the shares and they
were not given to Basle.

Q. When the Francolor arrangement was consummated I.G. Chemie had not yet re-
ceived part of the shares.

(signed) G v Schnitzler

- A. Originally it is correct to say that the shares were actually owned by I.G. Farben through I. G. Chemie.
- Q. They were deposited with Kuhlmann?
- A. Right.
- Q. And later on most of the shares were deposited with I.G. Chemie in Basel?
- A. I think I.G. Chemie never had all the shares on deposit.
- Q. At the time of the Francolor arrangement Kuhlmann still hold on deposit part of the shares?
- A. So it is in my recollection.
- Q. After the Francolor agreement did I.G. Farben openly take over 100% of the shares?
- A. Yes, practically.
- Q. They liquidated the company?
- A. I.G. Farben.
- Q. In the course of the Francolor transaction you liquidated the Finnica as a dyestuff company?
- A. Yes.
- Q. Who owned I.G. Chemie?
- A. You must ask mostly Mr. Schmitz. I.G. Chemie is to a very large extent owned by an American company. The General Aniline Corp.
- Q. Who is the beneficial owner of I.G. Chemie and General Aniline Co.?
- A. They between themselves.
- Q. What is I.G.'s relationship with Sturzenegger?
- A. Thereupon we have statements. Schmitz has given a declaration.
- Q. Who is the beneficial owner of the firm of Sturzenegger?

(Page 3 of the original)

- A. That is only known to Mr. Schmitz. We don't know. We forced him: "If you don't make an appropriate declaration we must separate from you. We must tell the American gentlemen, you will never allow us to look into the inner construction of the company." It was a small circle of personalities who were around Schmitz.
- Q. When did I.G. ostensibly sever its interest in I.G. Chemie?
- A. We sold our American interest to the I.G. Chemie.
- Q. When?

(signed) G v Schnitzler

- A. In 1939
- Q. How much was your interest in General Aniline Co.?
- A. 100%. At first 50% with Grasselli, then it was taken over by Dupont. For a certain time we were 100%.
- Q. Who of Farben officials participated in negotiations for the possible sale of General Aniline and Film Corp. in fall 1940?
- A. There were no negotiations, that was a talk?
- Q. Who were the people who were talking with Howard of Standard Oil about the possible sale?
- A. Present were: von Knierrien, ter Meer, I.
- Q. Did you hear the talk?
- A. I did not hear it. I heard it at a social talk. They always sought to find a suitable American who could be interested in General Aniline & Film Corp. I can't tell you who made the suggestion. I don't know whether Schmitz was present.
- Q. And how was it proposed that Standard Oil should acquire its interest in General Aniline?
- A. I.G. would buy an oil interest in Grossdeutschland which eventually could be turned over to Standard Oil--after the war. We would have exercised the option. Not really an option, it was a "Verkaufsrecht"-right of purchase.
- Q. Who were present during the talks with Howard?
- A. Mr. Gadow of I.G. Chemie.
- Q. What American? Duisberg and Williamson?
- A. D.A. Schmitz was present, or Duisberg or Williamson.
- Q. Do you remember that ter Meer was present?
- A. I am sure he was.
- Q. You mentioned a scientific man?
- A. Perhaps Dr. Lohr was present, but I don't know.
- Q. The question was whether the I.G. would agree to such a sale?
- A. The doubts concerned whether the fair exchange of value could be reached.
- Q. You are sure this meeting took place in the fall of 1940 or in the beginning of 1941?
- A. I am sure.

(Page 4 of the original)

- Q. The real issue was whether or not I.G. could trade the interest which it had through I.G. Chemie in General Aniline and Film against a fair exchange of Standard Oil property?
- (signed) G v Schnitzler

- A. That was the issue, but it never materialized. It never got to definition.
- Q. The issue at the meeting between I.G. officials and Mr. Howard and all other American representatives which took place either in the winter of 1940 or in January 1941 was whether or not I.G. could trade its interest in General Aniline & Film which it possessed through I.G. Chemie for a fair exchange of value from Standard Oil? Is that right?
- A. Yes, that was the question.
- Q. Wasn't the contract between I.G. and I.G. Chemie allegedly severed before that meeting?
- A. Perhaps I made an error in the dates. But we could always deal again with Basel to reconstruct the situation.
- Q. This so-called legal severance of the Agreement between I.G. and I.G. Chemie was only a legal form and never had any real effect on the actual relationship between I.G. and I.G. Chemie?
- A. We could always take up the matter again with Basel.
- Q. Could not I.G. at any time resume its former relations with I.G. Chemie: is that right?
- A. Yes. That depended somewhat on the people of the Swiss side. But the shares are lying with G&F and the firm of Groutert owns so many shares. I had never any doubt that we could at any given date resume this relation. It may be that I am wrong about the date and that the talk with Howard took place after the severance.
- Q. In other words, the date of severance makes no difference?
- A. No difference. In my opinion we could always resume the relation with Basel.

I have read the record of this interrogation and swear that the answers therein given by me to the questions of Mr. Weissbrodt and Mr. Devine are true.

(signed) G. von Schnitzler
(Signature)

Vorstandsmitglied I.G. Farbenindustrie
(Position in I.G. Farben)
Aktiengesellschaft"

The statements I subscribed to in this record of interrogation still appear to me to be entirely true and correct to the best of my knowledge and belief. However, to amplify the matters in the interrogation I would like to add the following concerning Winnica:

The Winnica due its existence to the French and particularly to the initiative of M. PROSSARD. On account of the protection by high tariffs, which the Deystuffs industry in Poland enjoyed, the French more and more had lost ground in their export trade to Poland. The Swiss partly had paralyzed this by developing their own factory at

(signed) G v Schnitzler

Fabianice, Poland. The French following their example acquired the Winnica, a former soap factory. Notwithstanding that I.G. had a better position insofar as I.G. had a higher developed range of colors than the French, we ourselves were greatly interested to keep up certain positions which were going to be lost. Hence, we associated in the French endeavours and participated secretly with a 50% participation in the Winnica. We could not do that openly because there was no right of settlement provided for in the German-Polish commerce treaty. When the plant of Winnica became part of the General Government, the "Kommissare" for a certain period of time maintained the production at Winnica giving its personnel every possible help and assistance. By and by it became impossible to continue. No coal, no material was available and furthermore no market existed anymore, as most of the products of Winnica had gone to Loda, under "Zollschnitz" and Loda now was incorporated in the German sphere. Thus, the liquidation of Winnica was inevitable; everything on the spot would have literally gone to pieces. One more cold winter, and Winnica, situated on one of the roads from Warsaw to the U.S. only would have been a heap of "debris". In the '30's the I.G. Chemie, Basle, had acquired at I.G. Farben's instigation 50% of the share-capital of Winnica from Kuhlmann. Thus the Winnica was owned 50:50 by I.G. Chemie and the Kuhlmann group. In order not to create financial losses to them, we proposed to both of them that we would acquire their stocks in the Winnica at their own book-value. This was done. We paid to both of them, without bargaining, exactly what they asked. As far as I can recollect, to the Kuhlmann group, 20,000,000 frs equal to M. 1,000,000 over the Franco-German clearing arrangement; to I.G. Chemie, 850,000 Swiss francs.

5. On 5 September 1945, I signed a one page statement concerning I. G.'s interests in the industry of the conquered countries, the text of which follows:

"I.G. always exercised the predominant influence in the chemical domain on the European continent. Therefore, I.G.'s interests in the conquered countries of Europe did not extend primarily to the chemical domain. However, we were extremely interested in the dyestuffs field. The dyestuffs field was of especial importance to us because our profits to a large part came from our exports of dyestuffs. For example, in regard to Poland, the Polish chemical industry was important domestically but had no significance on the export market. The Stickstoffwerke in Chorzow, as far as I know, have been taken over by the Reich-owned "Vig". I am unable to say if they came to production during the war. If so, this production will have been marketed by the Stickstoff-Syndikat, in which I.G. had over 60% interest. As far as the other chemical companies of Upper-Silesia are concerned they were treated in a similar way, that means the Reich took over the different enterprises which, to my knowledge, mostly had belonged to the Polish state. - They produced to the best of my knowledge only some heavy chemicals in connection with coal-mines and steel-works. The French chemical industry was also never of a nuisance to us in the export domain, and in regard to its domestic business we could always eventually

(signed) G v Schnitzler

reach new cartel arrangements if we were interested in export.

(signed) Georg von Schnitzler
"GEORG VON SCHNITZLER"

This statement still appears to me to be entirely true and correct to the best of my knowledge and belief, except that:

(a) To the first sentence - would now say that I.G. always exercised "a more or less" predominant influence in the chemical domain of the European countries. Moreover, I.G. export business, except for dyestuffs, was relatively small since the other countries in Europe had their own basic chemical industries which were protected by tariffs and by the different cartel agreements existing all over Europe. In all these cartels, I.G., of course, had a very substantial quota.

(b) When I made this statement I did not separate in my own conception Austria or the Switzerland from the German economic sphere since they were both populated by Germans.

(c) Much of I.G.'s participations in the East and South East were extended by force in the sense that their production was needed because of the war.

6. On 5 September 1945, I signed a one page statement concerning the Neuordnung and on 8 September 1945, I signed a one page statement entitled "Statement re 'Neuer Plan'". These two statements can best be considered together. The text of each follows:

September 5, 1945

"It must be remembered that in preparing the Neuordnung we were following the lines of the so-called Gross Raum Politik laid down by the government. We were looking to the overwhelming downfall of France and the eventual capitulation of England when we prepared the document. It must be remembered that we knew well the aims and policies of the government, and we knew that it was the intention of the government to improve its strength in relation to the countries outside of the European sphere. This meant, of course, the United States because outside of Europe the United States was the only strong country with which Germany had to reckon. Therefore, we wrote in the Neuordnung that we intended

(signed) G v Schnitzler

to keep Germany as strong as possible militaristically in relation to the United States. We could accomplish this only by limiting the production of armaments in Latin America. We did not want in the event of an eventual conflict with the United States to permit Latin America to supply the USA with the war materials. It should be remembered that I.G. had to follow the lines of the Nazi government.

Georg von Schnitzler
GEORG VON SCHNITZLER

Statement re: "Neuer Plan".

To what an extent the ideas and intentions of the Reichs-Wirtschafts-Ministerium have determined the drafting of the "Neuer Plan" of I.G. becomes clear by the fact that Terhaar who was in continuous contact with Reichs-Wirtschafts-Ministerium and was thoroughly informed of their aims, took personally the "Regie" of the preparatory work in hand, he came to visit the different "Verkaufsgemeinschaften" and explained in especially put up "working-committees" the clauses which he had elaborated on the basis of the guiding principles which he had received from Reichs-Wirtschafts-Ministerium. He pointed out, that the plan should be as comprehensive and as thorough as possible and that the point of view of the authorities should under all circumstances be respected, namely by far reaching guarantees through a reliable German control to achieve the best possible strengthening of the German militaristic potential.

The elaboration should be made in such a way, that it should not give a weapon in the hands of those manifold circles in the Reichs-Wirtschafts-Ministerium, in which criticism against I.G. was prevalent. and entered I.G. being known as internationally interested and possessing many led vs friendships and relations abroad should not give the impression of a preselection for liberal handling and thus give those circles -Kehrl and his surrounding- an easy argument to refuse the plan of I. G. as an insufficient instrument. When the "Neuer Plan" was elaborated, the war with England was still going on. One expected England's defeat but one could not discount it in such a way that special plans for England could be handed over to the government. Thus I am firmly convinced that the "Neuer Plan" did not contain proposals regarding England. The preparatory work done inside the different departments had only an importance of informational character, but can in no way be regarded as I.G.'s official standpoint as the preparatory work had not yet been presented to the competent authorities inside of I.G. itself. It is obvious that the government's first interest was a militaristic one. Therefore the main points in the "Neuer Plan" will have been.

Firstly a strict control over the whole chemical industry of Europe that no new plants for military chemicals should be created and that the production of such chemicals in the existing factories should be supervised.

Secondly: no licenses or know-how for such chemicals should be given to the chemical industry outside of Europe without before having asked I.G. of their opinion. This measure of course can be understood as

(signed) G v Schnitzler

being directed against the U.S. because U.S. remained apart from Russia the only country with a great economic potential in the outside world.

Frankfurt, Sept. 8th, 1945.

(signed) G. VON SCHMITZLER

These statements still appear to me to be entirely true and correct to the best of my knowledge and belief. However, the two statements should be considered in the light of the following explanations:

(a) A complete understanding of the Neuordnung can only be had if one considers the situation in the summer of 1940 at the time the Neuordnung was prepared by I.G. At that time there was the downfall of France on one side, continuance of war with England on the other side and the shadow of the possible conflict with the United States in the background.

(b) After Dr. Kurt Krueger and I signed the Neuordnung document which was sent to the Reich Ministry of Economics (RWM) in about August 1940, I never saw the document again. Consequently, when I wrote about the Neuordnung document to the American investigators in 1945 I did not have any details of the document in my recollection.

(c) The Neuordnung was not written upon I.G.'s initiative, but was written upon the request of the Government as an "expertise" to be written by I.G. as the first expert in the chemical field.

(d) In the statement of September 1945, I stated that we could keep Germany strong militarily in relation to the United States only by limiting production of armaments in Latin America. By this, I meant that the following: If an Armistice came about in late 1940 or thereafter so that there was peace on the European continent, we would limit thereafter the production of war materials in Latin America by exporting materials to South America rather than having the South American countries build up their own production facilities, thus in case of a later war with the United States, the Latin American countries would

(signed) G v Schmitzler

not have such extensive production facilities with which to furnish war materials to the United States.

7. On 21 August 1945, I signed a two page statement entitled "Statement re repercussion of rearmament on the standard of living in the newly annexed countries," and on 21 August 1945, I signed a one page statement entitled "Additional Statement re standard of living and industrial transformations in the occupied countries." The text of both these statements follows:

Statement

repercussion of rearmament on the standard of living in
the newly annexed countries.

"On order of the Nazi-Government with the annexation of Austria and Sudetenland and later on with the annexation of Bohemia and Moravia in these newly conquered countries the economic system applied in Germany at once was introduced.

Rearmament-production had to replace the normal production for peace-consumption and in a very short time the stocks were exhausted which in both countries were still available when the German troops entered into them.

VS The German troops themselves and dealers following them tried to acquire as much as possible of "whatever" was available in important goods - textiles, coffee a.s.o. which had yet become scarce in Germany, - and the domestic production was transformed from a platform of highly qualified export-industry into goods serving the rearmament purposes. This process developed with a rapidity which even surprised the economic circles themselves which were acquainted with the preceding development in Germany, and it was also surprising, how quickly the standard of living in these countries was adapted to the one existing in Germany. - And this not only happened in the industrial field, but in the agricultural just as well. Butter and ham of Prague disappeared from the market as quickly as coffee and chocolate and even meat in a short time became meager because the foreign-imported fodder was exhausted.

The workmen for instance in Aussig realised very soon that their nominally higher income represented in buying capacity a step backwards and the hardship of daily life to the population very soon became apparent.

The rearmament process materialized in such a way that first the capacities not entirely employed became used in full for Austria as well as for the Sudetenland huge plans for war production were at once set up, for Austria the Hermann Goering Werke at Linz, in connection herewith a Nitrogen-plant for 50.000 tons N, the utilisation of water power and the enlargement of the many different metallurgical works in Vienna, Leiner Neustadt and Steyr - in

(signed) G v Schnitzler

Sudetenland the great hydrogen plant in Brno set up for 700,000 tons of oil-gas, which was nearly completed at the end of 1940. I.G. participated in this development with the great factory in Moosbierbaum near Vienna, which of course only made very slow progress and was far from being terminated when war came to an end.

(Page 2 of the original)

For my opinion one can not speak of a displacement of industries from the West to the newly conquered countries, the industrial capacities and the industrial possibilities of these countries were used as an additional asset to the existing potential.

Frankfurt, 21.8.45

(signed) G. von Schnitzler."

Additional Statement
re standard of living and industrial transformations in the
occupied countries.

The factories having existed beforehand in Austria and Czecho-Slovakia in which I.G. took interest were relatively small and did not request a substantial capital-investment-compared with the huge enterprises which I.G. started as a new enterprise. But the old works of Donau-Chemie A.G. as well as Chemische Werke Aussig-Falkenau as Teerfarbenwerke Aussig - one and three being a 100% I.G. property No. 2 & 50% participation, had to transform their activities according to the rearmament plan and later on to the necessities of war. Many of their departments simply continued and raised their production in the same products, these products, like sulphuric acid or chlorine and caustic soda being used as well for peace as for war purposes - and not being taken only for the latter purposes, but many of their departments were transformed from typical peace - into typical war-products. Thus in the Teerfarbenwerke Aussig the department of Naphtol AS dyes, a typical export-article in the first line for India, had to fabricate Betanaphthylamine for the manufacture of Buna, and the Chemische Werke made new investments for typical war-products like Sulfur-Carbon and Hexamethylentetramin. The same applies to the Boruta in Poland, where of course during the whole war the production remained a restricted one, but the dyestuffs and intermediates produced there did practically all go to the Wehrmacht as they were used mostly by the textile industry of Lodz. Apart from that I.G. had the intention to construct a plant for accelerators at the Boruta, as the only other I.G. plant for accelerators was in Leverkusen. In France: Francolor preferably had to supply the French consuming industry with dyestuffs and auxiliary products, but a substantial part of the articles for which they were used, did go to the Wehrmacht, the intermediates which were made, to a large extent, did go directly to the Wehrmacht or they were sent to I.G. in order to complete I.G.'s deliveries for Wehrmacht purposes.

(signed) G v Schnitzler

The most important ones among the latter were phenol and stabilizers for powder.

Frankfurt a. M., August 21st, 1945

sg. G. von Schnitzler"

These statements both still appear to me to be entirely true and correct to the best of my knowledge and belief.

8. Concerning the general policy toward the economy of the occupied countries, I would like to make the following summary. Beginning with the occupation of Austria, it was plain from the statements of the government leaders that the "Grosswirtschaftsraum Politik" would be applied to the economies of each of the occupied countries. The general objective was to realize a more intimate relationship between the economy of the old Reich and the economies of the occupied countries under German leadership. This German leadership was either effected by the leadership and supervision of state controlled agencies, such as the Hermann Goering Works, or by private German enterprises under conditions satisfactory to the Reich economic authorities. However, excepting the "Auflagen" imposed upon I.G. for undertaking special duties in foreign countries, I consider that I.G.'s general policy in the occupied countries was merely one of intensifying previously existing relations on an amicable basis. Of course, the leadership which we exerted on this basis could not be achieved without the approval of the government economic authorities. However, I.G. never forced anybody to accept its propositions, even though it is true that the legal position of the leaders of the industry of occupied countries was that of an enemy national and not that of a free agent in peacetime. Many times, representatives of the industry of occupied countries proposed to I.G. that we enter into more intimate relations. As long as the war lasted, it was clear that the leadership and administration of the industries of the occupied countries had to be done on behalf of the German military potential. Otherwise the Reich government would have seen to it that a

(signed) G v Schnitzler

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different leadership or administration was created. When I.G. sought to supervise or administer the production of a particular plant in an occupied country, we were only allowed to enter such an activity when we proved our ability to undertake this job and proved that it was necessary for the German military potential that I.G.'s "know how" and technical knowledge be used. The fact that the industries of the occupied countries were used to assist the German military potential is a part of an entire complex, and it applies to the entire German industry, and not alone to I.G. Moreover, in the dyestuffs field, the French civilian population obtained a bigger percentage of the dyestuffs produced in France than the percentage which Germans received of the dyestuffs produced in Germany. Furthermore, without I.G.'s help and assistance, the plants and companies merged in Francolor probably could not have run at all during the war. The same applies to the industrial activity in Norway and Czechoslovakia. This principle, of course, does not apply to the "Auflagen" where I.G. was directed by the government to undertake new types of production in the occupied countries.

9. I have carefully read each of the 16 pages of this declaration and have placed my signature at the bottom of each page. I have made the necessary corrections in my own handwriting and initialled each correction in the margin of the page. I declare herewith under oath that I have stated the full truth to the best of my knowledge and belief.

(signed) Georg von Schnitzler
GEORG VON SCHNITZLER

Sworn to and signed before me this 17th day of March 1947, at the Palace of Justice in Nuernberg, Germany, by Georg von Schnitzler, known to me to be the person making the above affidavit.

(signed) Drexel A. Sprecher
DREXEL A. SPEECHER
U. S. Civilian, Attorney, AGO No. 17,307
Office of Chief of Counsel for War Crimes

CERTIFICATION

I, ERNA E. UIBEFALL, AGO D-150096, hereby certify that the above is a true and correct copy of document No. NI-5195, the original of which is in the English language.

ERNA E. UIBEFALL
U. S. Civilian
AGO No. D-150096

END

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Case 6
after NI-795
Re: Rk. 51 (8)

TRANSLATION OF EXCERPTS OF DOCUMENT No. NI-10164
OFFICE OF CHIEF OF COUNSEL FOR WAR CRIMES

I.G. FARBENINDUSTRIE AKTIENGESELLSCHAFT,
82, Unter den Linden, Berlin NW 7,
August 23, 1940.

Ministerial Director Dr. SCHLOTTERER,
Reich Ministry for Economic Affairs,
43 Behrenstrasse, Berlin W. 8.

MY DEAR MR. MINISTERIAL DIRECTOR: Referring to our letter of August 3rd with which we submitted our papers on France relative to the question of the potential reorganization of the European economic sphere, we beg to enclose herewith our outlines on Holland. Our exposition on Belgium will follow shortly.

Heil Hitler!

I.G. FARBENINDUSTRIE AKTIENGESELLSCHAFT,
(Sgd.) WEBER-ANDRIEUX,
(Sgd.) ILGNER.

P.S.- A letter worded like the above is being sent to: Ministerial Director Dr. Bergemann; Ministerial Director Dr. Hulert; Dr. Ungewitter, Chemical Industry Examining Office.

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NETHERLANDS

(page 3 of original)

The development and importance of the chemical industry of the Netherlands are characterized, in general, by the fact that her comparatively undeveloped chemical production, which took its initial upswing in the course of the general industrialization during the World War was further expanded during the postwar boom and under the famous planned economy of the Minister of Economic Affairs Gelissen to a point exceeding a quarter of a billion Reichsmarks.

This production which included principally the manufacture of artificial silk, fertilizers, chemicals, mineral dyes, pharmaceuticals, and aniline dyes, showed the following typical features:

1. It was (largely) distributed over a wide range of minor and very small enterprises; only the artificial silk industry developed its well-known large enterprises.
2. Lacking domestic raw materials, it was mainly based on imports of raw materials and semifinished products; and
3. Individual branches (of the chemical industry) - especially in the field of artificial silk, fertilizers, and pharmaceuticals- were geared somewhat one-sidedly, and in increasing measure, to produce primarily for other markets of the European Continent, but in addition they also supplied the American, Asiatic, and African markets.

This typically Dutch penetration of the world markets by chemical exports from the Netherlands - which entailed set-backs in prices and whose importance is illustrated by the credit balances,

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which even though small are positively held by the Dutch export industry- is, in general, characteristic of the development of the trade policy of

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the Netherlands.

In contrast to the customary concept, Dutch commercial policy which for decades stood for free trade as the type of foreign trade best suited to the basic structure of Dutch economy, developed after 1930 - in line with the new trend arising from the world-wide economic depression and despite all the attempts at establishing liberal foreign trade principles (Oslo) which remained only in theory - into protectionism which, among other things, was characterized by tighter tariff measures, a strict quota system, and deliberate industrialization.

This development started with the undermining of the most favored-nation treatment by means of reciprocal trade agreements, and led - by way of a quota system initiated in 1932 on the basis of the Law of 1931 Governing Imports During the Depression, which was followed by the introduction of quotas through commercial treaties as an instrument of trade policy (Law of Retorsion, 1933) and by the increased customs rates of the new tariff of 1934 - to further intensification of the planned economy trend of Dutch industry, as initiated by the Minister of Economic Affairs Gelissen and systematically continued by his successors.

Although, within the scope of this development, Germany was also in a position to secure, through pertinent negotiations, a number of quota preference for her chemical products, this change in Dutch commercial policy which, while breaking the traditional market ties with Germany, aimed at spreading all over the world and multilaterally funding (the Netherlands') foreign trade, unquestionably was fully carried out at Germany's expense. The fact that the German-Dutch exchange of goods which, as late as 1929, and discounting the Dutch colonies, showed German imports from Holland

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in the amount of 701,000,000 Reichsmarks and German exports to Holland in the amount of 1,305,000 Reichsmarks, and which, essentially due to compulsory clearing, had by 1938 been cut down to German imports amounting to 197,000,000 Reichsmarks and German exports amounting to 447,800,000 Reichsmarks, clearly reveals the extraordinary loss sustained by Germany as a result of the protectionist development of Dutch commercial policy.

As exports of German chemicals to Holland which, as late as 1929, amounted to 113,500,000 Reichsmarks, and which, by 1939, had dropped to one-third, were considerably affected by this decline in Germany's total exports to Holland, we are of the opinion that, in the course of the reorganization of the German-Dutch relationships, every effort should be made to free German exports to Holland largely from all burdens of a trade political nature (tariffs, quota systems, etc.). In the addition, however, Dutch exports - provided that in view of both the dependence on Dutch raw material, and Germany's unlimited supplying capacity, Dutch production appears at all reasonable, should be so regulated as not to interfere with German exports.

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From this general outline we have derived a series of basic proposals which we have listed hereinafter before submitting both a picture of the production and market conditions of the Dutch mother country, and our specific wishes. Since, however - due to the close interlocking relationships between the Dutch mother country and its colonies, the considerable functions of the mother country as an intermediary, the transit nature of certain exports, and the far-reaching scope of international

connections converging precisely on Holland -the essential aspects of the Netherland's over-all economy have not yet been discussed in our report, except for individual problems (such as the Quinine Trust) our statements necessarily represent only a partial picture of our interests in Holland (with her appendages) as a whole. We therefore reserve the right to supplement our description of the Dutch mother country in due time by a systematic presentation of our interests in the Dutch colonies.

With this reservation in mind, we are giving you hereinafter an outline- divided into fields of sale- of the development and status of the Dutch chemical industry, taking into consideration German export interests to which we are adding, in each individual instance, our specific proposals regarding certain fields of production.

I.G.'s oil interests are not yet discussed in this outline. It remains to be decided in concurrence with the Economic Group Fuel Industry ("Wirtschaftsgruppe Kraftstoffindustrie") whether I.G. shall express its opinion in regard to this matter, or whether said Economic Group will submit its own views on the subject.

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BASIC PROPOSALS ARISING OUT OF GERMAN-DUTCH RELATIONS WITH RESPECT
TO PRODUCTION AND SALES

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As has already been shown above, our exports to Holland were impaired less by the particular trade-policy measures, which were deliberately and exclusively directed against Germany, than by the effects of the over-all Dutch commercial policy, the tendency of which was characterized, in recent years, by the fact that, as a result of the application of the principle of reciprocity, the Dutch market became increasingly open to important countries supplying chemical products in competition with us. Dutch commercial policy however, sought to check this development by introducing a quota system applicable to all countries; but, in this connection, it failed on the whole to take into account specific facts and contingencies resulting from the natural market ties between the two economies. If, therefore, a participation (by us) in the Dutch market, corresponding to the importance of Germany's chemical industry, is to be built up and maintained, such a goal can be attained only by reforming the general Dutch trade policy in favor of German imports. With this in mind, we suggest:

A

1. Development of a Dutch preferential tariff system in favor of Germany. In this connection the absolute rate of the preferential tariff should exclude any effects detrimental to Germany. The extent of such preferential treatment in regard to other countries should be fixed by agreement for each item.

2. Insofar as a quantitative regulation of the exchange of goods in the German-Dutch trade may remain necessary, sufficient quantities will probably be secured for Germany. In this connection (and) with due reference to the necessity of establishing an equilibrium in the Dutch balance of payments, purchases from other countries in particular should be shifted to Germany. Such shifting will have to be accomplished also especially with a view to securing a sufficient market for high-

grade exchange materials (e.g., synthetic tanning material, raw materials for varnishes, artificial fibers, synthetic materials).

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3. All discriminatory measures as to certificate of origin, compulsory declaration, obligatory registration and like measures should be discontinued.

4. Provisions containing discriminatory features for the use of German products as compared with Dutch products or products of other countries should be eliminated regardless of whether they have been issued by governmental authorities or by syndicates and the like.

B. QUESTIONS REGARDING THE RIGHT OF SETTLEMENT

1. German nationals should be granted residence permits without any restrictions.

2. Work permits should be granted to German nationals in accordance with business requirements at the discretion of German authorities.

3. The free right of establishment should be granted, taking into account the pertinent provisions of the trade police and like authorities which are also applicable to Dutch business enterprises.

C. TAX-POLICY MEASURES

1. The establishment of industrial enterprises of German firms within the meaning of the terminology of the double-taxation agreements concluded by Germany (e.g., branch establishments, manufacturing centers, branches, agencies), as well as the establishment of subsidiaries of German enterprises should not be complicated by tax measures. This shall be construed to mean:

I. INDUSTRIAL ENTERPRISES.- (a) Taxation must be limited to the assets set aside for said industrial enterprises, including real estate (as well as), to the profits yielded by them and to their turn-over.

(b) In taxing such industrial enterprises the latter may not be placed in a more unfavorable position than other business enterprises of the country in question with respect to tax classification, rates, or facts of the case.

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(c) Profits may not be assessed on the basis of balance sheets of the German parent firm but only on the basis of a percentage of the turn-over of such industrial enterprises. Said percentage should be agreed upon for each individual category of products. In case of dispute a mixed State commission of both countries shall decide.

Insofar as profits of industrial enterprises result from the sale of products which are manufactured in Germany, the assessment of such percentage shall cover only the trading profits and not the manufacturing profits.

II. Insofar as taxation of subsidiaries of German enterprises is concerned, the provisions referred to under I (a) and (b) shall be

applicable accordingly.

As to the taxation of profits of such subsidiaries, decisions shall, in principle, be based on their accounting records providing that the latter shall be kept in proper order. If the foreign tax authorities prove that profits resulting therefrom are obviously not in proportion to the profits which are yielded by businesses of the same or similar type, profits shall be computed on the basis of a percentage of the subsidiaries turn-over. In this connection, the provisions referred to under I (c) shall apply accordingly.

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DEVELOPMENT AND PRESENT STATE OF THE DUTCH CHEMICAL INDUSTRY, DIVIDED INTO SALES AREAS; ALSO SPECIAL REQUESTS FOR CERTAIN TYPES OF PRODUCTION.

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DYESTUFFS, AUXILIARY PRODUCTS FOR DYEING PURPOSES, TEXTILE AGENTS

In Holland after the World War there were two firms, which were engaged in the production and sale of aniline dyes and these were the N.V. van chemische Producten Vondelingenplaat, Schiedam, and the Nederlandsche Farben- und Chemicalien-Fabrik, Delft.

The Schiedam Firm after the end of the World War took up the production of aniline dyes in line with the trend toward the erection of so-called "national" dye plants, which was then prevalent all over the world. The volume of production of the enterprise, judged from German standards, was not very considerable. Schiedam had not only acquired for itself a steadily growing share in meeting Dutch demands for dyes but in addition exported approximately three-fourths of its total production. We estimate the yearly volume of trade at approximately 3.3 million RM. Because of this company's activity, especially because of its heavy underbidding, German export interests were constantly hurt to a considerable extent.

Schiedam has no source of supply for intermediate products; the company formerly imported the necessary organic basic products from non-German producers, in the past few years, however, began to use German intermediate products, in order in this way to get a return from the proceeds of its sales in Germany.

We have had friendly relations with the Delft firm since 1929. By virtue of an agreement, concluded with us in the year 1933, the company

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has in principle to make its sales in accordance with general directives given by us. Delft has accordingly been included in the "German I.G." group in international agreements.

Delft's own production was small and, moreover, was based chiefly on primary products bought in Germany. The greater part of the business consisted in the resale of I.G. dyes delivered or mixed or adulterated by us.

The inland sales as well as exports were effected in accordance with the stipulations of the agreement in close cooperation with us;

therefore, no harm has been done to German interest by Delft.

Under the circumstances the activity of the firm N.V. VAN CHEMISCHE PRODUCTEN VONDELINGENPLAAT, SCHIEDAM, could be made to fit in with German interests by limiting the delivery of German intermediate products. Since, however, there is among other things, the possibility, after the conclusion of peace that Schiedam will again import intermediate products, for example from the U.S.A. and with products made from these will disturb the world dye market, foresight must be exercised under all circumstances so that no organic intermediate products reach the Dutch market from sources other than German and if in line with the general economic reorganization the Dutch dye industry is considered worth preserving at all.

The same holds true in dealing with the firm NIEDERLANDISCHE FARBEN - UND CHEMICALIEN-FABRIK, DELFT.

Hence we propose forbidding the erection and operation of other plants, for the production of dyestuffs and organic intermediate products, consequently the erection of

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new plants for the production of dyestuffs and organic intermediate products, as well as the manufacture of (those) products not produced heretofore in the plants already existing and the expansion of the present plants. Moreover, we think it advisable that imports of German dyestuffs, dyestuffs aids, and textile aids remain exempt from duty as heretofore, and in case that there are any Dutch exports in dyestuffs, dyeing and textiles aids at all, a disturbance of the German export price level be avoided by means of private economic agreements.

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2. CHEMICALS

The beginnings of the chemical industry in the Netherlands date back to the period before the World War. Yet it was not until the Dutch market was shut off during this period and afterwards that there was any great development. Especially the production of heavy chemicals has been strongly developed and has led in part to not inconsiderable exports. On the basis of our knowledge of the Dutch market the following is to be said of the development of the various main groups.

Dutch production in the group of those products derived from chlorine by the electrolytical process up to the time of the World War, was not very important. Sales were for the most part for the domestic market. In the development which began later, it was chiefly the N.V. Centrale Potaschraffinaderij Bergen op Zoom, which engaged in the production of potash on the basis of coal residue, which is a by-product of sugar and alcohol, in Holland and Belgium. With regard to the increasing production of sugar, Bergen op Zoom was greatly in need of a market after the World War. Our various attempts to come to an agreement with Bergen op Zoom failed. As for this company it was less a matter of obtaining a certain profit, than of being able to sell this commodity generally. Holland's export of potash which must have amounted in the last few years to approximately 2,000 tons yearly, went primarily to Scandinavia, Italy, England, and Australia. As to caustic potash the only Dutch producer formerly, the firm of Jan Dekker,

supplied about 50% of the Dutch requirements while the rest was supplied by Germany and France. When the N.V. Koninklijke Zoutindustrie Boekelo appeared on the Dutch market stiff competition ensued, which ended only in the latter part of the year 1939 through an agreement which we concluded with Boekelo and which led to the stopping of caustic potash.

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production by Boekelo.

In the chlorine business Holland had supplied a considerable part of its domestic market from its own production. The remainder was supplied by imports from Germany and Belgium by virtue of agreements with respective producers. There are hardly any Dutch exports of chlorine (in fluid form) to other countries. As to chloride of lime about 1,000 tons per annum went to England.

As to sulphuric acids Dutch production barely covered 50% of the domestic needs. The remainder was purchased up to the present from Germany and Belgium, i.e., at a ratio of about 35 and 19%, respectively, of the total Dutch requirements.

In the field of solvents, the Dutch, that is Nederlandsche Gist-en Spiritusfabriek, Delft, and the N.V. Electro Zuur-en Waterstoffabriek, Amsterdam, appeared on the market about eight years ago. While prior to the war the latter firm produced acetic acid, chlorinated hydrocarbons, ethyl-acetate, and lead acetate from carbide bought elsewhere, it has turned since the beginning of the war to the production of its own carbide and, likewise, has added that of trichloroacetic ethylene. They plan in the future to take up production on a larger scale of other acetylene derivatives. The Nederlandsche Gist-en Spiritusfabriek, Delft, recently in addition to its original manufacturing program, has recently been engaged in making other products and has taken up production of fermentation butanol.

As to competition on the Dutch market of (products of) other countries with our own products, it may be considered as insignificant in the field of heavy chemicals insofar as those competitor firms which have not reached an understanding with us, are concerned. In regard to higher grade, special products as for instance various solvents and vulcanization accelerating agents the competition by the U.S.A. was especially noticeable in Holland.

Because of the variety of products to be considered, we have condensed our specific proposals in the following chart.

(CHARTS OMITTED)

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PHARMACEUTICAL PRODUCTS, DENTAL PRODUCTS, INSECTICIDES AND VETERINARY PRODUCTS "BAYER", SERUMS AND VACCINES BEHRINGWERKE.

Prior to the World War Holland did not have an extensive domestic production of pharmaceutical preparations, except for a well-developed industry making quinine products. This latter will be dealt with more specifically later on. There were in Holland at that time, no large

pharmaceutical enterprises, which were known outside the country. The small export interest of the more important producers, were for the most part centered in the Dutch colonies, where there was a ready market. Such firms were Brocades-Stheeman en Pharmacia, Neppel which are still in existence and which made good progress in the postwar period, and the Koninklyke Nederlandsche (Royal Dutch Pharmaceutical Trade Association) Pharmaceutische Handelvereeninging which were engaged principally in the production of Galenic preparations, and the firm of Dr. J. Blomberg in the Hague. The two latter are no longer in existence. There is in addition a limited number of smaller laboratories of only local importance (Zerkhoff, Kreller, and several others), which need not be mentioned in this report.

As Dutch production was insufficient to meet the domestic demand, considerable imports had to be made. Germans, British, and French competed with varying success for the lead in sharing in these imports; the Swiss also competed in the last few years before the war. With the growing popularity of special preparations as compared with prescriptions filled individually the German pharmaceutical industry in Holland was able to make good progress from approximately 1905 on; during the years preceding the World War it was about to outstrip by far the other importing countries; the pharmaceutical divisions of I.G. Firms, which are today united under the name of "Bayer"

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In the ten-year period referred to, did business which increased steadily from 100,000 RM. to approximately 400,000 RM. In spite of the years of war and inflation, Germany was able to regain her dominant position, as a few "Bayer" figures will show:

| | | |
|----------------|-----|-----------|
| 1924 | RM. | 642,000 |
| 1928 | RM. | 1,414,000 |
| 1932 | RM. | 2,028,000 |
| 1939 | RM. | 2,213,000 |

Thus Germany held the leading position in Dutch imports of pharmaceutical products to Holland, a outdistancing Switzerland, which in 1939 had attained second place; the French, English, and Belgians - the latter having become more active of recent years - were definitely outstripped.

The domestic producers naturally have likewise tried from 1914 to the present to expand their own production and markets, nevertheless as the above figures show - there is still a great need for imported products, especially for synthetic specialties.

Among the domestic producers the above-mentioned firm of Brocades-Stheeman is outstanding. It offers serious competition to all German pharmaceutical producers (and), cannot be considered as pro-German. Its relations with German competitors, it has frequently overstepped the borderline of fair competition by getting out mere imitations of German products, whenever it expected such procedure to be rewarding; the firm has not even refrained from making violations of trademarks. Such procedure has in the last few years led to heated but alas thus far unsuccessful discussions between us and Brocades-Stheeman. This firm can hardly be credited with having any creative ability of its own.

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The firm of Organon, a postwar organization, has moved up to second place among Dutch producers. It is engaged chiefly in the production of biochemical preparations, a field in which it has had considerable success; the firm is active in every respect; it has also attracted attention in the exporting field. We cannot accuse it of an unfair attitude.

The third largest manufacturer of pharmaceutical products in Holland is the firm of "Eetwijk", which especially in its capacity as sales organization of a Dutch group of caffeine and theobromine manufacturers, plays an important part in the exporting field. It produces at the same time a number of pharmaceutical specialities of minor importance.

When Dutch statistics claim that the domestic production in the years 1936-38 equaled an annual average of 30,000,000 R.M. as compared with a total domestic consumption of approximately 25,000,000 R.M. it must be borne in mind that quinine compounds, which with the exception of a minor portion are destined for export, absolutely occupy first place in Dutch production. In the year 1939 exports of quinine compounds alone in the amount of not less than 10,380,000 Dutch Florins or 13,700,000 R.M. were made. Listed in the order of importance, these exports went to the U.S.A., Greece, England, Italy, Russia, and Turkey. Production and sale are handled by a company, known as the "Quinine Trust", which prior to the World War was an outgrowth of association of producers of cinchona bark and processors and manufacturers of pharmaceutical products made from cinchona bark. We attach a special report on the Quinine Trust's position on the domestic and world markets and its attitude toward Germany and German manufacturers of pharmaceutical products.

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Since 1935, our figures show that sales have been stagnant to a certain extent, which is due among other reasons to the devaluation of the Dutch currency and the result of the general depression.

Our sales efforts since the time of the World War up to the present day have been affected by the ever-active movement in Holland to boycott German products. This boycott, especially noticeable in the first years following the World War, grew less severe in the years between 1925 to approximately 1930. It again became more intense after that and remained so until the beginning of this war, after which time it became ^{even} more intense until the time of the invasion by German troops. The boycott movement was strengthened by the heavy influx of refugees and the Jewish-dominated press, which in our field tried among other things to unite the Dutch physicians into Anti-German organizations.

Obstacles of a general nature to the import of German pharmaceutical products, did not exist in Holland. Certain regulations or custom duties, however, did interfere with the unhampered development of our sales.

We feel that high supplementary duties for sugar and products having an alcoholic content to be especially unwarranted, which in addition to the basic custom rate, constitutes too heavy a burden in view of the domestic competition.

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Several other regulations governing serums and vaccines such as that setting up a second control in Holland, the fixing of the period of time for which such products may be kept without deteriorating at a year and regulations concerning the labeling of individual ampullas, etc., complicate imports in a way which is unwarranted.

Under these circumstances and by virtue of the fact that

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the German pharmaceutical industry through its postwar development, has given evidence of its scientific and economic qualifications, we consider the realization of the following requests necessary:

A. The Dutch market must be opened for free competition to a greater extent than heretofore, to the firms representing the German pharmaceutical industry. As to individual important pharmaceutical products, of which there is a domestic production, this free competition shall be regulated by cartel agreements.

In the realization of this general proposal we make the following specific proposals:

1. The maximum tariff rate for pharmaceutical specialties must not exceed a rate of 10 to 15% of the value free at frontier; the high and unjustifiable supplementary duties on alcohol and sugar must be dropped or adjusted in such way that they do not exceed the limit of 15% the value free at frontier when added to the basic custom rate.

2. In assessing profits on sales for tax purposes, a rate of 5% of the sales seems reasonable to us insofar as the pharmaceutical business is concerned.

3. Various administrative regulations, which are in effect in Holland in regard to the pharmaceutical trade must be eliminated or modified in view of their restrictive effect on German products.

(a) Such Government regulations as were issued for the purpose of restricting the importing business in the field of human serums and vaccines must be abolished or adapted to regulations in effect in Germany.

(b) The superfluous and reexamination of human serums and vaccines upon their import into Holland must be discontinued, as German State tests and current supervision by German laboratories are sufficient guarantee of the quality.

(c) Dutch requirements that human serums and vaccines keep (their qualities) for a certain period of time - this period has been fixed at a year in Holland - is for all practical purposes unnecessary and ought to be modified in accordance with German regulation on such keeping qualities.

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(d) The petty ruling concerning the labeling of the ampullas containing serums and vaccines must be abolished.

B. In view of the necessity of organizing the whole pharmaceutical industry of the Greater European sphere under the leadership of the German pharmaceutical industry in such a way that their objectives may be clearly and unmistakably defined it is necessary to assign to the

Dutch pharmaceutical industry a proper place in its own country as well as in the exporting business.

In this connection the following points must be made:

1. The Dutch pharmaceutical industry ought to concentrate its attention mainly on the domestic market.

2. Exports by Dutch producers ought to be made only under concurrent agreements regulating prices and markets (concluded) with the German firms of the pharmaceutical industry. This holds true especially for the most important pharmaceutical chemicals, in cases in which they are one of the subjects of collective agreements of world wide scope.

We reserve the right to submit separately specific proposals in this connection. In order to make sure of such cooperation on the export markets, either financial participation in some form or other, or joining German export organizations may be considered. As to the unique position which the so-called "Quinine Trust" occupies in this very connection, we refer again to the attached report.

3. The industry producing substitute remedies which flourishes especially in Holland and which sold for the most part imitations of German preparations, must be purged in the interest of the German manufacturers of the original products. For this purpose and in agreement with the German firms an investigation of the entire Dutch industry manufacturing these products is necessary, so as to decide in each case which products as mere imitations of German products, must be taken off the Dutch production list.

4. In the field of human serums the State Laboratory "Rijks-Instituut voor de Volksgezondheit" in Utrecht produces human serums and vaccines

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without even having a regular sales organization and without regard for the country's limited market capacity. As the entire demand could be met without difficulty by the output of German manufacturers, production by the State Laboratory ought to be either completely stopped or an agreement on prices and sales ought to be reached in order to avoid disturbances of the market.

5. The manufacture of veterinary serums and vaccines by the State Veterinary Institute (Rijksverzameling Rotterdam) ought either to be stopped, since in case of heavier demands its output does not suffice to meet the domestic needs, or agreements on prices and sales ought to be made with German suppliers.

6. A special regulation is also necessary in regard to the Dutch dental (supply) business; the various imitation products of our Carpal System must be eliminated. Moreover a purge of the market in the local anesthetic and dental-cement business would be very much in order, as the numerous small producers have thrown articles on the market which though low in price are inferior in quality. Agreements regulating prices and markets ought to be made with other important producers.

7. The new regulations on relations between Germany and Holland should be supplemented by a ruling prohibiting the establishment of new

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enterprises of the pharmaceutical industry in Holland. Furthermore a number of laboratories ranging in size from medium to very small which for the most part are of only local importance ought to be closed.

8. Deliveries of supplies to Dutch firms for the production of pharmaceutical specialties ought to be controlled in such a way as to stifle competition in Holland as well as on other markets by Dutch products which are imitations of the original German products.

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The organization known by the name of "Quinine Trust" occupies a special place on the pharmaceutical markets of Holland and the world. As with its various original firms and later branches, it controls approximately 90 % of the world production of cinchona bark or the quinine compounds derived therefrom, it practically has an absolute monopoly.

The Quinine Trust had its origin in the association of producers of cinchona bark and the processors of and dealers in the final products manufactured therefrom, one year prior to the World War, as a result of the initiative and under the leadership of the group of German producers. Germany lost its leadership as a result of the World War. The organization in its present form is composed of the firms mentioned below whose tasks are divided into (three categories) namely the obtaining of cinchona bark and products derived from same, sales, and advertising:

Vereinigung der Chinaproduzenten, Amsterdam
N.V. Amsterdamsche Chininefabrik, Amsterdam
Bandoengsche Chininefabrik, Bandoeng (Netherlands Indies)
N.V. Nederlandsche Chininefabrik, Mearssen
E. V. Soerabangsche Administratie Mij., Soerabang and Amsterdam
H. V. Administratie Mij., Nediam (Netherlands Indies) and Amsterdam
H. V. Bureau voor Kinineverkoop Bureau, Amsterdam
Combinatie Kininefabriken
Ned. Ind. Combinatie v. chem. Industrie
Cinchona Instituut, Amsterdam (Bureau tot Bevordering van het Kinine-Verbruik, Amsterdam).

Cinchona bark is obtained almost exclusively in the Dutch colonies and with the exception of such lots as are processed on the spot, passes into the hands of Dutch producers exclusively.

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The Chinabuero (Cinchona Office) in Amsterdam, closely allied in its work with the Dutch colonial administration, was organized in order to supervise the agreements made between the two groups and especially to control production, market prices, etc.

The tasks of the Quinine Trust comprise adjustment of production to market conditions and regulation of prices for the purpose of allowing a sufficient profit to producers at all times in view of the fluctuating demands and at the same time to guarantee the profits to the processors. The Chinabuero has been able until now to solve these problems completely so that even today the Quinine Trust's monopolistic position may be considered as unshaken.

The manufacturers of quinine salts and quinine specialties of various countries, among them the German are incorporated as a special organization into the Quinine Trust. The German producers have been able

to obtain for themselves an important position on the world market, as Germany, after Holland, definitely ranks second in the world's quinine exports; annual average exports from Germany during the last few years were equivalent to approximately RM. 6,500,000.

We challenged Quinine Trust's monopolistic position only once, when after thorough testings we put out our synthetic malaria remedy Atebrin on April 1, 1932, after having previously introduced another synthetic malaria remedy Plasmochin on the market (1928). While Plasmochin represents a valuable supplement to quinine - we had created prior of the introduction of Atebrin several preparations from Plasmochin-quinine compounds which are still widely used today. Atebrin may be used to advantage in the treatment of malaria as a substitute for quinine compounds. The introduction of Atebrin on the market gave us a position of independence in that we no longer had to

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rely on the use of quinine in treating malaria. The superiority of both our preparations is to be seen in the field of therapy as well as that of prophylaxis. It has been attested to in hundred of reports. All over the world specialists in the treatment of malaria have hailed the introduction of synthetic malaria remedies - in therapy and prophylaxis - as a brilliantly progressive step and noteworthy achievement in the German pharmaceutical industry.

As may have been expected the Quinine Trust opposed our efforts to bring out synthetic malaria remedies, only when we introduced Atebrin. In doing so, it used all the weapons at its disposal. The Quinine Trust always pro-ally first availed itself of the facilities the Malaria Commission of the League of Nations. In view of Germany's politically weak position at that time, it knew how to direct the Malaria Commission's research work and publications in such a way that quinine salts invariably occupied first place on the Commission's recommended list. Moreover the Quinine Trust distributed pamphlets in all countries interested in Malaria control. These pamphlets in order to advertise their own products contained statements derogatory to our synthetic malaria remedies and therefore, became more than once the object of protests by us and caused us to take legal action against the Quinine Trust, i.e., against its branches in certain countries. Another line of propaganda frequently used against us, was that of distributing newspaper articles which to all outward appearances were neutral, in reality, however, were directed against us. These were distributed through camouflaged agencies, as for instance the Bureau tot Bevordering van het Kinine-Verbruik, Amsterdam (Cinchona Institut, Amsterdam) and the Nieuwsbureau Van Diaz, Amsterdam, as well as other cover-up addresses, which undoubtedly all served the interests of the Quinine Trusts exclusively.

Political

developments were likewise exploited by the Quinine Trust (to prejudice) certain Governments against German preparations; this is easily explained by the fact that representatives of the Quinine Trust in various countries

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are non-Aryans. Following the events of May 10 of the current year the Quinine Trust opened a new office in New York, on whose activities we have not had any particulars thus far. It may be correct to assume that this new organization is to take the place of the former main office in Amsterdam.

In addition to their use as remedies for malaria the quinine

derivatives are also frequently used as remedies for simple fever, in tinctures, etc. The percentage of quinine derivatives used for such purposes in relation to the total sales of quinine is estimated at an average of 25 to 30%. In view of the already existing important German quinine interests, it would be desirable in the interest of all Germany if the former unfriendly attitude of the Quinine Trust were to follow a course favorable to German interests. The best way to insure this would be to move the main office of the supervisory organization, the Chinaburo, to Germany. Moreover an agreement on sales, prices, and propaganda ought to be reached between the Quinine Trust and ourselves in our capacity as manufacturers of synthetic malaria remedies, in order to assure to the synthetic products created by Germany, their due share.

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4. PHOTOGRAPHIC SUPPLIES

Prior to the World War, Holland had no industry of its own, producing photographic supplies. The demand for photographic supplies was met exclusively by imports. Following the World War, there was established in Groot a domestic Dutch firm, "Photax" which produced roll films, films for X-rays, phototypes, and films for technical purposes. The firm later went into bankruptcy and was reopened only in the year 1929 under the name of "Nederlandsche Fotografische Industrie N.V.", under the management of Mr. Isle, the former manager of Kodak. The capital which is said to be of Dutch origin, amounts to 250,000 Dutch florins. The firm is making certain efforts to expand its business, which, also includes the sale of articles formerly produced by "Photax", by manufacturing cheaper cameras. The result of its efforts is not yet known. Formerly the firm did not offer us any competition worth mentioning. On the other hand, we had to fight against stiff American, English, and French competition. Nevertheless, during the period from 1924 to 1933, we were able to increase Agfa sales from 295,000 RM. to 1.8 million RM.

In the year 1933 we were hampered in our efforts to export to Holland by the development of a strange anti-German political feeling on the part of the Dutch which had a noticeable effect on our sales up to the year 1937. After September 1936, the devaluation of the guilder constituted an additional obstacle to (our) exports. For this reason our exports in the year 1937 suddenly dropped to 1.2 million RM. To be sure we succeeded in increasing (the amount) of sales to 1.4 million RM. until the year 1939. This increase, was due solely to the fact that we introduced into Holland high-quality products of a completely new type. We were never able again to reach our maximum sales

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figure of the year 1933. Thus sales of raw films for instance, which had amounted to 150,000 RM. in the year 1931, dropped to 21,000 RM. 1939. At the present we have only the competition of French and Belgian firms with which to reckon. Especially disturbing are the low prices of the Belgian firm of Gevert which considerably complicate if not altogether defeat our purpose gradually to bring Dutch prices to the German level.

The exports were not complicated by quota measures. On the other hand the ad valorem duties for photographic supplies were rather

high. They amounted to from 10 to 20%. To this was added a uniform compensation tariff of 1%; furthermore a sales tax of 4% was levied. It was also very difficult to obtain residence and working permits. Only those persons who could furnish proof of residence and business activity of many years standing in the country could count on obtaining residence permits without limitation or on having them extended.

The Dutch currency manipulations had likewise had unfavorable effects on our business, they threw Holland wide open to smuggling and other dishonest importing tactics, as a result of which our business in Holland, especially in rolled films and high-quality cameras, suffered considerably.

In view of the future organization of our business in Holland in the field of photographic supplies it would be desirable if the aforesaid firms "Nederlandische Fotografische Industrie N.V.", Soest, were closed, as the Dutch market can be fully supplied by the German photographic industry and it is just possible that Dutch competition may

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be stopped in the period of reconstruction. We have made this proposal before to the Reich Ministry of Economics in our letter dealing with the future relationship of German firms to Dutch enterprises.

It would be desirable furthermore if in the raw film field the English firm of Kodak and the Belgian firm of Gaevert could be prevented from placing their goods on the Dutch market at the extremely low prices set by them thus far.

Lastly it would be desirable if a tariff rate of not more than 2 to 5%, were introduced as preference tariff for German products. In this connection discontinuance of the 1% compensation tariff, as well as the 4% sales tax ought to be considered.

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5. AROMATIC SUBSTANCES

In Holland there were and still are a great many firms which produce aromatic substances. They produce a number of aromatic substances for which foreign raw materials are required. As they are able to buy these raw materials from France at excessively low prices, they offer sharp competition to German producers. French and English producers of aromatic substances, offering the same at very low prices, were likewise represented on the Dutch market. After 1933, in addition to complications resulting from such competition, Germany also had to struggle against those other (well-known) difficulties, which had their origin in the devaluation of the Dutch currency, boycotting of German goods, etc.

The Dutch aromatic substances industry has not been limited to the Dutch market alone. It has on the contrary, to a considerable extent, supplied the Far East and caused us to make considerable sacrifices in price on these markets on account of its own low price range.

In the interest of the German aromatic substances industry and its export trade, it would be desirable that the further development and expansion of the Dutch synthetic aromatic substances industry

be made subject to licensing.

Dutch producer firms should be compelled to join existing international cartels if they do not already belong. Such cartels would deal with matters concerning vanillin, ethyl-vanillin, and benzyl products.

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6. ARTIFICIAL SILK AND CELL WOOL

The data on problems pertaining to artificial silk and cell wool are sent to the Reich Ministry of Economics by the technical division "Chemische Herstellung von Fasern" ("Chemical Production of Fibers") in behalf of the entire German industry.

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7. NITROGEN AND NITROGEN PRODUCTS

The demand by Dutch agriculture for NITROGEN FERTILIZERS was met prior and subsequent to the World War by Chile Saltpeter. Of the annual total consumption of approximately 20,000 tons N, Chile Saltpeter represented approximately 90%. The output of byproducts resulting from same was at that time still comparatively small and for the most part was for export. While this situation prevailed the Nitrogen Syndicate began to export its products to Holland in 1922-23. By means of expert sales policies and large-scale advertising the Syndicate succeeded in time in forcing Chile saltpeter from its dominant position and limiting to about 10% the latter's share in the total nitrogen consumption by Dutch agriculture, which due to the promotion policy of the Syndicate had been increased in the year 1939-40 to about 115,000 tons N (not including lime nitrogen).

In view of this steadily increasing demand for nitrogen fertilizers and the progressive development of Dutch agriculture, beginning in 1929 three enterprises were organized in Holland, which until that time had not had any synthetic nitrogen plants of its own. These were:

Staatsmijnen in Limburg (State Coal Mines) (capacity, 56,000 tons N; capital, 43.0 million Dutch florins; principal shareholder, Dutch Fiec).

Mekog, N.V. Maatschappij tot Exploitatie van Kooksoevengassen te Ymuiden (capacity, 18,000 tons N; capital, 1.0 million Dutch florins (issued); principal shareholders, De Bataafsche Petroleum-Maatschappij (Royal Dutch Shell Group) (70% Kon. Nederl.; Hoogovens-en Staal fabrieken N.V. 30%).

Compagnie Neerlandaise de l'Azote S.A., Sluiskil (capacity 35,000 tons N; capital, 125.0 million Belgian francs; principal shareholders, Montecatini, Milan majority (Belgian-Italian financial consortium).

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The Staatsmijnen as well as the Compagnie Neerlandaise de l'Azote S.A. use the Fauser process, a modification of the NH_3 synthesis, which in turn closely follows the Haber-Bosch process. The Mekog uses the Mont Genis process, which is likewise an adaptation of the Haber-Bosch process.

Toward the end of the year 1929 the first nitrogen produced in Holland, principally sulphate of ammonia, appeared on the Dutch market. The first deliveries of calcium nitrate followed soon, thereafter (the calcium nitrate was produced by Mekog according to a process for which it was licensed by I.G.) Until the year 1929, at which time the Dutch nitrogen industry first introduced its own products on the market, the Nitrogen Syndicate had taken over for itself about 70% of the whole Dutch market in nitrogen fertilizer.

When, in the year 1931, for the first time a cartel agreement of European producers of nitrogen was concluded, the German group and the Dutch producers reached an agreement concerning the Dutch market. This agreement was concluded in view of the Dutch domestic production which increased as more and more plants began to operate. This agreement principally regulated the sales quotas on this market and necessarily signified to the Syndicate a considerable decrease in sales as compared with its former sales in Holland. At the end of each period for which an agreement was in force or upon the renewal of a cartel agreement, the Nitrogen Syndicate was forced to make further sacrifices of some of its markets. The reason for this was the growing expansion of the Dutch nitrogen industry - an expansion, which in view of the agreements concluded ran contrary to them - and in particular the pressure brought to bear by the State-owned plants, which continued to expand their capacity under the cloak of utmost secrecy.

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Measures of the Dutch Government strengthened the position of Dutch producers during negotiations concerning cartel agreements to the extent that in the spring of the year 1939, the Government in the interest of Dutch industry ruled that the quota system be applied to imports of nitrogen products. Originally the quota system adopted by the Government limited the Nitrogen Syndicate to exports (to Holland) of such quantities, as were made in the fertilizer year 1933-34. However, on January 1, 1935, the Dutch Government reduced the quota to 80% and on July 1, 1935, to 30% of the original quantity.

As a result of the aforesaid measures the import quota, as stipulated by Government regulations proved to be insufficiently large to permit the Nitrogen Syndicate its quota as agreed upon with the Dutch group and therefore another agreement between the Dutch and German Governments had to be made; accordingly a German-Dutch nitrogen agreement was reached which for the period of time it was to run, was to set the Standard for German nitrogen imports. By virtue of this agreement between the Dutch producers and the Nitrogen Syndicate it was possible at least to assure unobstructed imports under the German quota without prejudice to the aforesaid Government quota regulations. This situation shows to what extent the Nitrogen Syndicate was dependent on an agreement with Dutch producers, while on the other hand the Dutch Government, in contrast to its industry, was obviously interested in continuing some of the imports of nitrogen from Germany to Holland, as it did not want to forgo (the opportunity thereby to utilize) credits which were available to it under the clearing system.

When nitrogen agreement ended at the beginning of this war, i.e., in October 1939, a new agreement

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was concluded between the Nitrogen Syndicate and the Dutch group which

again secured the former's quota (20%) in supplying the Dutch market. This agreement has, thus far, not been cancelled by either side.

Attention must be called to the fact that the output of the Dutch nitrogen industry computed on the basis of the (customary) units of N would have sufficed to meet the demand of the domestic market. As to qualities, however, the Dutch industry could not satisfy the demands of domestic agriculture, especially in regard to lime nitrogen so that the imports from Germany centered for the most part on this product. Notwithstanding the fact that their own domestic market had to be supplied from abroad, the Dutch, for reasons of commercial policy, attached great importance to the development of their export trade. Exports were made after 1932-33 in accordance with the agreement of the European nitrogen products.

In addition to its need for saltpeter and ammonia fertilizers, Holland also needed approximately 30,000 tons of lime nitrogen. The latter was supplied chiefly by imports from Yugoslavia and Norway.

The establishment of a carbide plant in Amsterdam was planned in 1938. The plan was to produce at the same time in this plant approximately 30,000 to 40,000 tons of lime nitrogen in order to make Holland independent in regard to imports of this product. The production of carbide was begun meanwhile - i.e., in the early part of May 1940 - with two lime kilns. We have had no specific information up to the present on the beginning of the lime nitrogen production which was to be taken up in October 1940.

In our report on France, we have already indicated that it would be impracticable particularly in regard to the nitrogen field,

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to consider each country as a separate unit, in dealing with such problems as are bound to originate within the framework of the re-organization of the European economic sphere. In the same way the Dutch nitrogen production within the framework of the prewar European nitrogen agreement (GIA) could not - and certainly in the future - cannot, be isolated from the total European nitrogen production and therefore cannot be considered individually. German-Dutch relations in the nitrogen field, on the contrary, must rather be made to fit into the organizational structure which the greater German economic sphere is to have after the end of the war.

In order to assign to the nitrogen industry its proper place within the European economic sphere and to establish its relationship to the rest of the world (the following) three major problems must be solved individually, and at the same time be brought into accord with one another.

- (1) Development of agriculture in the European sphere and its relationship to the agriculture markets of the world.
- (2) Classification of European nitrogen markets with special regard for the necessity of importing Chile saltpeter for reasons of commercial policy and control of nitrogen exports from the European economic sphere to the other nitrogen markets of the world.
- (3) Direction of the expansion of the nitrogen industry within the boundaries of the greater German economic sphere and exerting

a dominant influence upon the development of nitrogen production in the rest of the world.

These problems are so interlocked that they must be considered in relation to their interdependence, in reorganizing the nitrogen industry.

It is desirable for the future that Germany - in a similar way as proposed for other markets - receive PREFERENTIAL TREATMENT in Holland in regard to all imports of nitrogen of every type. By this measure especially, the North American imports and Chile saltpeter imports shall be excluded or controlled, respectively. Chile saltpeter

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can be substituted by other synthetic nitrogen products as has been the case in Germany.

For the purpose of protecting German exports to Holland, all export limitations must be modified or eliminated in regard to German goods and foreign goods insofar as the latter are reexported from Germany (as, for instance, the quota system which recently existed in Holland).

D E N M A R K

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The promotion proper of the chemical industry of Denmark is more or less only a segment of the industrialization policy followed since the last universal economic crisis, which considered the development of Denmark into an agricultural-industrial country as an appropriate way out of the difficulties arising from the agricultural crisis.

A change in policy from free trade to reciprocal trade was the first step of said determined industrialization attempt which was designed both to remedy the structural weakness of Danish economy that specialized unilaterally in agriculture, and to offset the lack of equilibrium between the Danish balances of trade and payments. In keeping with this objective, the exchange law of 1933 which was enforced by the well-known Exchange Office (Valutakontor) and which was originally intended only as a currency-policy maneuver, was soon refined into a perfectly valid politico-economic instrument in the nature of a State import monopoly, and in addition thereto, the Exchange Office was given the opportunity gradually to become a regular planning center for purposes of Danish industrialization.

The effects of the change which was thus brought on, could hardly be over-emphasized. It involved not only a change from most favored national treatment to reciprocity, from free trade to protectionism, from imports from Germany to imports from England, but, at the same time, also a decisive breaking point in Denmark's internal economic policy, which as a result of the ensuing violent conflict between farmers and trade unions, tended to swing further in the direction of determined industrial promotion.

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Consequently, from 1932 on, imports of finished products were repressed while imports of industrial raw materials and investment goods were urged - a procedure which among others affected also Germany as a supplier of finished products. At the same time, under the aegis of the exchange law, the so-called Exchange Office industries were promoted, i.e., a colorful array of large and small enterprises handling any kind of processing materials and lines of production.

Despite the rapid progress of industrialization process, which raised the volume of production by 30 % as early as 1935, and although said industrialization came close to fulfilling one of the essential points of the program of the Danish Government as a result of the decrease in unemployment which it entailed, the absolute limits for Danish industrialization, however, soon, became apparent. The exclusion of industrial imports from abroad resulted automatically into a corresponding decrease of exports of Danish agricultural products. Since, in addition thereto the hopes of increased Danish industrial exports were not fulfilled, and on the other hand, the balance of trade which, for lack of domestic resources of raw materials, showed a marked tendency, due to increased imports of industrial raw and auxiliary materials, toward growing liability, there was only one possibility left open under the pressure of rising debts. The industrialization policy had to be given up and, while favoring the large countries that were customers of Denmark, exports of agricultural products had to be insured by resorting to a greater reciprocity. The latter policy had to be reverted to as a renewed principle of Danish economic policy.

Although the principle of this new policy was correct, it entailed another negative development as a result of too close relations

with England. As a result of the reduction in Danish exports which was precipitated by the (British) Empire's agricultural protectionism and due to a simultaneous slump in prices, this negative development was drastically heightened.

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The necessity for revising the traditional concentration of Denmark's trade policy on England by rebuilding the relations with Germany, was, therefore, clearly recognized even prior to the war, all the more as the greater German market was the only one which fully met the basic needs of Danish national economy, i.e., maximum export of agricultural products against maximum import of a wide assortment of finished high-quality products.

The fact that today Denmark has at her disposal in Germany a growing credit balance as a result of her unobstructed agricultural exports at high prices, confirms that the revision which was quickly forced on her by the war was justified. The disadvantage which still exists today due to Germany's occasional inability to effect counter-deliveries, is merely a result of the war and can, therefore, not be construed as a pertinent objection to the elementary foregoing conclusion that, in normal times, Germany will be in a position to pay for the entire surplus of a Danish agricultural production running in high gear, by furnishing any quantity of finished products needed for the Danish market.

These brief references to Denmark's economic and commercial policies already reveal the prerequisites for Danish chemical economy.

1. In the first place, her (productive) capacity is absolutely insignificant due to the fact that the country concentrates predominantly on agricultural production, as well as for lack of domestic raw materials and fuel (except for cryolite peat, dairy by-products, waste meat). The industrialization policy of the Exchange Office has - it is true - promoted especially the development of the chemical industry. However, the fact that this determined promotion did not result in more than 250 enterprises with approximately 5,000 workers

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and a total production amounting to 65,000,000 Km., clearly shows that said promotion has attained its optimum within the framework of Danish national economy.

2. The factors responsible for this limited volume are, on the one hand the operational organization of the chemical industry which includes, except for the leading "A.S. Dansk Svovleyre-og Superphosphatfabrick" Copenhagen, only a few medium-size and generally small plants, and, on the other hand, the relatively simple structure of its production. In the foreground, in addition to the superphosphate industry which works on the basis of foreign phosphates, there is the sulphuric-acid production which, being operationally connected with the former, is dependent on imports of pyrites, and along with which the production of caustic potash, condensed gases and casein as well as the refinement of cryolite, which is a raw material under the monopoly of Denmark and Greenland, deserve mention.

The following are also noteworthy:

The paint, varnish, and printer's-ink industry, which developed as a result of great requirements in the domestic market, as well as a remarkable pharmaceutical industry which, while utilizing domestic waste-product products, has become specialized, as is known, in the field of endocrine and like biochemical preparations and more particularly, in the production of insulin.

3. As a natural result of the politico-economic necessity of receiving compensation for large agricultural exports in the form of imported industrial goods, and as a result of the lack of basic raw materials in Denmark proper, and the consequent production of only a small amount and limited choice of chemical products, the chemical economy of Denmark is dependent, almost more than that of any other country, on imports of chemical products from neighboring countries which are customers of Denmark, in order to meet the diversified needs of a national economy such as that of Denmark.

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Denmark's chemical imports, which amount to approximately 60,000,000 EM. (1938), are therefore not much below the volume of her own (domestic) production. Regionally speaking, practically all imports come from Europe and in this connection considerable preference is given Germany which supplies almost one-half; the other (principal) imports come from England, Norway (nitrogen), and Switzerland. Insofar as countries overseas are concerned, Chile as a supplier of nitrate, is the only one of interest.

In order of material importance, imports of nitrogenous fertilizers are by far the leading commodity as they represent one-third of the total imports, and are followed by chemicals, artificial silk, pharmaceuticals, dyes, varnishes, photographic articles, and synthetic materials.

In comparison therewith, Denmark's chemical exports, which amount to less than 10,000,000 EM. (1938), are insignificant. They include principally special products such as insulin, casein, butter, and casein colors which are predominantly exported to neighboring countries in Europe.

The conclusions which may be drawn from these fundamental considerations for purposes of incorporating Danish chemistry into the framework of organized over-all planning, are obviously the following:

1. The chemical industry of Denmark, insofar as its size and organization are concerned, corresponds no doubt to the structure of Danish national economy. Only in the sector of pharmaceutical production would it be necessary to study whether individual corrections of the present (productive) capacity would be necessary.

2. Both the lack of domestic raw materials and fuel, and the politico-economic necessity of providing compensation for the large agricultural exports in the form of industrial imports, justify the assumption that the equilibrium of Denmark's chemical economy, which is based on minor domestic production and large imports, should not either be changed in the future.

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3. Within the framework of German-Danish trade policy, it will be necessary since exports of Danish agricultural products are being increasingly shifted to Germany, to make corresponding allowances for Danish imports in order to secure a sound equilibrium of trade balance.

Based on this general trend of thought we are submitting to you hereinafter an exposition, arranged according to our fields of sale and showing the status and development of Denmark's chemical economy. This exposition, while being fitted into the framework of German export interests, also includes requests which we have formulated in connection with specific fields of production.

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BASIC PROPOSALS ARISING OUT OF GERMAN-DANISH RELATIONS WITH RESPECT TO
PRODUCTION AND SALES

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As a result of the fact that Denmark's economic policy had already prior to the war been adjusted increasingly to the necessity of seeking a compensatory feature for her deteriorating relations with England through the development and promotion of German-Danish trade relations, it will be necessary, in planning the basic structure of German-Danish intercourse, systematically to develop the individual changes forced by the war to the detriment of England and for the benefit of Germany, and to remove, in line with such development, especially those disturbances which, until now, have burdened the German-Danish trade policy.

In order to achieve this fundamental objective, we wish to suggest as possible measures, the following:

A. MEASURES IN THE FIELD OF TRADE POLICY

1. Danish (foreign) exchange regulations which may still be required after the war, should be formulated in such manner that disadvantages in respect of Germany and in favor of third countries, as could for example be noticed in favor of England during the last few years prior to the war, will no longer be possible.

2. Insofar as quantitative regulation of the exchange of goods in German-Danish trade may remain necessary, sufficient quantities should be secured for Germany. In this connection, while bearing in mind the necessity of establishing the equilibrium in the Danish balance of payments, purchases from third countries, and more particularly those from England, should be shifted to Germany. Such shifting will have to be accomplished especially with a view to securing a sufficiently great outlet from high-quality substitute materials

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(Austenschatoffe) (e.g., synthetic tanning materials, raw materials for varnishes, artificial fibers, and other synthetic materials).

3. The Danish tariff should be revised for the purpose of eliminating such burdens as have proved to have primarily an adverse

effect on imports of German products. (To a large extent, this may not be required since, e.g., in the chemical field the Danish tariff has, in general, already become bearable.)

4. It might be advisable to study the possibility of developing a preferential tariff system in favor of Germany. In this connection, the absolute rate of the preferential tariff should forestall any prohibitive effect to the detriment of Germany. The extent of such preferential treatment as compared to third countries should be established by items, and should be agreed upon. However, in this connection, considering the generally bearable Danish tariff level, a sufficient margin of preference could be provided in part only by increasing the tariff rate for imports from third countries, or by introducing new import duties on items which hitherto have been imported free of duty.

5. All discrimination in the fields of certificate of origin, compulsory declarations, obligatory registrations, and similar measures should be gradually discontinued.

6. Measures involving discriminatory features directed against the use of German products while favoring, in comparison therewith, Danish products, or products of third countries, should be removed, no matter whether they have been taken by governmental authorities or by syndicates and the like.

7. In connection with the issuance of regulations which may be expected in the field of exchange and currency policy, the German interests should be borne in mind.

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B. QUESTIONS REGARDING THE RIGHT OF SETTLEMENT

1. German nationals should be granted residence permits without any restrictions.

2. Work permits should be granted to German nationals in accordance with business requirements at the discretion of German authorities.

3. A free right of establishment should be granted, taking into account the pertinent provisions of the trade police and like authorities which are also applicable to Danish business enterprises.

C. TAX-POLICY MEASURES

The establishment of industrial enterprises (Fabrikbestaetninger) of German firms, within the meaning of the terminology of the double-taxation agreements concluded by Germany (e.g., branch establishments, manufacturing centers, branches, agencies), as well as the establishment of subsidiaries of German enterprises should not be complicated by tax measures.

This shall be construed to mean:

1. Industrial enterprises. - (a) Taxation must be limited to the assets set aside for said industrial enterprises, including real estate, (as well as) to the profits yielded by them, and to their turnover.

(b) In taxing such industrial enterprises the latter may not be placed in a more unfavorable position than other business enterprises in Denmark with respect to tax classification, rates, or facts of the case.

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(c) Profits may not be assessed on the basis of balance sheets of the German parent firm, but only on the basis of a percentage of the turn-over of such industrial enterprises. Said percentage should be agreed upon for each individual category of products. In case of dispute a mixed State commission of both countries shall decide. Insofar as profits of industrial enterprises result from the sale of products which are manufactured in Germany, the assessment of such percentage shall cover only the trading profits and not the manufacturing profits.

3. Subsidiaries. Insofar as taxation of subsidiaries of German enterprises is concerned, the provisions referred to under 1 (a) and (b) shall be applicable accordingly.

As to taxation of profits of such subsidiaries, decisions shall, in principle, be based on the subsidiaries' accounting records providing the latter shall be kept in proper order. If the foreign tax authorities prove that profits resulting therefrom are obviously not in proportion to the profits which are yielded by businesses of the same or a similar type, profits shall be computed on the basis of a percentage of the subsidiary's turnover. In this connection, the provisions referred to under 1 (c) shall apply accordingly.

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DEVELOPMENT AND STATUS OF DENMARK'S CHEMICAL ECONOMY TAKING INTO SPECIAL CONSIDERATION GERMAN EXPORT INTERESTS ARRANGED ACCORDING TO FIELDS OF SALE, AS WELL AS PARTICULAR PROPOSALS FOR SPECIFIC FIELDS OF PRODUCTION

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1. DYE-STUFFS, AUXILIARY PRODUCTS FOR DYING PURPOSES, TEXTILE AGENTS

I

Up to the time of the World War the Danish dyestuff market was supplied exclusively by Germany and Switzerland. In 1913 Germany supplied 75%, and Switzerland 25% of all the dyestuffs in Denmark. At that time, the entire Danish dyestuff business amounted to about M. 850,000. In the course of the economic developments following the World War a wave of industrialization especially in the textile field, also came over Denmark, as it did in other countries. As a result of this industrialization the dyestuff market was considerably enhanced. In the years 1937-38 Denmark bought an average of approximately M. 2.8 million worth of dyestuffs, auxiliary products for dyeing purposes and textile agents as compared with M. 850,000 in 1913. These requirements however, were no longer supplied by Germany and Switzerland alone; after the World War, English competitors made a special effort to gain a foothold in the Danish market. Consequently in the years 1937-38, Germany supplied an average of only 65% of the requirements of the Danish market.

There was practically no domestic dyestuff industry, only the firm of Sedolin & Holnblad, Copenhagen, produced a small amount of organic dyestuffs from intermediate products, which it bought. In about 1935 the firm of Sedolin & Holnblad began marketing its products in the

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(Cont'd)

Northern countries and later on it extended its competition to former Austria, Czechoslovakia, Yugoslavia, and

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several other European countries where it upset the price level maintained by us. In spite negligible success in its sales, Sadelin & Holmblad proved extremely disturbing in connection with Germany's attempt at improving its foreign exchange situation.

II

We are therefore taking the liberty of making the following suggestions:

1. We are trying to enlist the support of official agencies in our planned private business negotiations with the firm of Sadelin & Holmblad, Copenhagen, which are designed to restrict activities of said firm to the domestic market.
2. In principle, the construction of plants for the production of dyestuffs and intermediate organic products should be subject to licensing.
3. Imports of dyestuffs, auxiliary products for dyeing purposes, and textile agents should remain duty-free.
4. The quota and licensing system in Denmark should be so organized as to let only Germany supply the required imports of dyestuffs, auxiliary products for dyeing purposes and textile agents unless it were advisable to make an exception for politico-economic reasons.

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2. CHEMICALS

In Denmark, domestic production is limited to sulphuric acid and superphosphate factories, and chlorine-electrolysis plants. "A.S. Dansk Svovlsyre-og Super-phosphat fabrik, Copenhagen" is the largest of the five existing sulphuric acid and superphosphate plants. The total annual output of sulphuric acid in Danish enterprises amounts to about 180,000 tons of monohydrate.

"Dansk Sejakagefabrik A.S.," Copenhagen, with which we have agreements concerning the volume of its production, is the largest producer in the field of chlorine electrolysis. Denmark's additional requirements were supplied almost exclusively by Germany despite considerable efforts by English competitors (to wedge themselves into these imports).

In 1936, the last year for which Danish import-export statistics are available, Germany supplied 64% of Danish import requirements - Great Britain, 15% and Sweden, 6%. In 1937 Germany took 19% of Danish chemical exports, Great Britain 12% and Sweden 9%. About 85% of the Danish exports to Germany consisted of casein. In 1938, 6% of Danish exports of chemicals went to Germany, 8% to Great Britain, and 8% to Sweden. In 1939 only 75% of the [Danish] exports to Germany consisted of casein.

II

The above-mentioned data shows that Denmark could be considered by us as an important competitor and in general did not hamper German imports

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to any appreciable extent.

The following sales data gives a more or less accurate idea of the volume of our chemical exports to Denmark:

| | | | | |
|------|---------------|-----|---------|----|
| 1937 | approximately | 1.4 | million | DM |
| 1938 | " | 1.6 | " | " |
| 1939 | " | 2.9 | " | " |

The principal items thereof were solvents, raw materials for varnishes, ceramic paints, chlorine products, and alkalies.

III

In the following chart we are formulating individual requests concerning our various products and in this connection, we should like to express the wish that further development of the chemical industry in Denmark shall not take place.

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(Charts Omitted)

.....

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3. PHARMACEUTICALS - DENTAL SUPPLIES - CHEMICALS FOR PEST CONTROL AND VETERINARY MEDICINAL PRODUCTS "BAYER," SERUMS AND VACCINES "HENNING-WIENE"

Prior to the World War pharmaceutical preparations and pharmaceutical chemicals were produced in Denmark only in limited quantities by a few enterprises which grew out of long-established pharmacies and laboratories at the end of the last century.

In the first place we shall mention the still existing factory which even today is the most important one:

L'vons Kemiske Fabrik (Loo), Copenhagen

then: Gustav Lotze which as a result of a merger with other firms changed its name to Det danske Medicinal-og Kemiske Kompagni (Medicinalco), Copenhagen.

Alfred Bensen, Copenhagen; Vesterbro Apotek & et Medica.
Loerbeck & Holm, Copenhagen; Langebeck, Petersen, Copenhagen.

In accordance with consumer's requirements existing at that time in the pharmaceutical field these firms manufactured Galenic extract and salt preparations diastolic remedies, cod-liver oil products, iron preparations as well as capsules, pills, etc., containing mixtures of simpler drugs. The last-mentioned group consisted chiefly of wholesale drage which were often dispensed on the strength of regular prescriptions of medical authorities and under the latter's names. The ingredients of such mixtures were without exception substances which were commercially well known and readily available. Furthermore several well-known pharmaceutical chemicals were produced such as chloroform and other beginning in 1890 and later on bromides, iodine, and magnesium salts.

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The volume of production of the above-mentioned groups of products was adjusted almost exclusively to the needs of the domestic market; there was practically no desire to export. The total amount of the Danish production of pharmaceutical preparations for 1941, as shown by Danish statistics, amounted to less than 1,000,000 Danish crowns.

This explains why Danish producers used only the then well-known means of production and did not contribute in any way through inventiveness to a further development of pharmaceutical products by the discovery of new preparations or new production methods.

Hormone preparations and other organic products were the only products in the manufacture which Danish industry showed considerable initiative even before the World War. Danish industry produced several articles which were known abroad as for instance: A thyroid preparation in the form of dried glands in pills and concentrated solutions and a very good peptic fluid. The conditions for this production, as a result of the highly developed cow breeding in Denmark, were very favorable.

The foundation of two laboratories for the production of serums and vaccines for human and veterinary purposes is likewise worthy of mention.

Statens Serum Institut (founded in 1902) and
Statens Serum Laboratorium (founded in 1908)

Both of these laboratories undertook the production of the most-used serums and vaccines and after a short period of time were in a position to meet the domestic demand. In this connection they were granted subsidies and sales privileges by the State and were able to prevent foreign and

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especially German industry from selling these products on the Danish market. Thanks to the excellent animal and original material the products of these laboratories were of remarkable quality.

Although Danish production of pharmaceutical preparations before the World War was not of great importance in comparison with the same type of international production it was able nevertheless to meet the greater part of the domestic demand which at that time was rather small. The Danish producers, however, succeeded in exporting only a few special products, which, moreover, were sold almost exclusively in the Scandinavian market.

Prior to the World War the imports which consequently were not very large, were shared in by Germany, France, and England. Germany gradually succeeded in gaining a leading position. The "Bayer" export figures export for Denmark for example, for the years 1904 to 1913 were trebled as a result of the growing interest in synthetic medical preparations in the form of specialties.

For a number of years the domestic industry was placed in a favorable position by the outbreak of the World War which brought about the temporary absence of deliveries from Germany and other Western powers, which resulted in the imitation of formerly imported products. The firm Leo, for example increased its assortments of specialties in a very short time from about 50 to approximately 150 preparations which after the war, however, partly disappeared when the old dealers reappeared in the Danish market.

The most important firms existing at present are the following:

L/vans Lænske Fabrik (186) (founded before the War)
Det danske Medicinal-og Kemiske Kompagni (Medicinalco.),
Copenhagen (founded before the War).
A.S. Farrosen, Copenhagen (founded in 1920).
A/S. Pharmacia, Copenhagen (founded in 1922)

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Novo Therapeutisk Laboratorium (founded in 1925).
A/S. Geo, Copenhagen (founded in 1926).
F.F. Svinget & Co., Copenhagen (founded in 1934).

The total annual production of these firms has been steadily increasing since the end of the World War and/or since their organization and reached its peak in the years 1936-1938, at which time it amounted to an (annual) average of over 15,000,000 Danish Crowns. About one-third of this production consists of insulin produced chiefly by Leo and Novo Therapeutisk Laboratorium. In addition the Danish industry produces sex hormones and liver and mucous stomach membrane preparations which are made of basic materials of good quality collected in the country itself; synthetic vitamins and chemical pharmaceutical preparations are also being produced.

It may be said, however, even concerning this period of growing development that, except for insulin and several other organic products. Danish industry undertook production of new articles only when it was familiar with the production methods and could count on a certain outlet in the country itself.

Danish industry was in a position to export during the last years about one-third of the total production of pharmaceuticals, i.e., in the amount of about 5,000,000 Danish Crowns; 75% of this amount consisted of insulin. On the markets of other countries, therefore German exporters suffered only from competition in the field of insulin whereas the remaining 25% of Danish exports was noticeable only in the Scandinavian countries. Germany ranks first as consumer of (Denmark's) exported pharmaceuticals, of which she buys 25%; next comes Sweden and then Norway.

Even after the World War the Danish pharmaceutical industry was able to supply the largest part of domestic requirements. There remained only a small gap to be bridged by imports which during the last few years

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amounted on the average to approximately 5,000,000 Danish Crowns. These imports, were supplied for the most part by Germany. The respective figures as listed in the periodical, "Chemische Industrie" show that Germany supplied 62% of the total imports of pharmaceuticals in 1936 and 80% in 1937. Second in importance was England and third Switzerland while France played an unimportant part in Denmark's import of pharmaceuticals.

Danish industry has, in every respect, benefited by the achievements of Germany's pharmaceutical industry; as is shown by the numerous imitations of German preparations, which appeared whenever a preparation of German origin had become extensively used and its imitation promised to become a lucrative business. The imitation of German original products was considered a national feat which helped to check imports of German preparations. The sale of these products could be achieved and insured only when such products were offered at a considerably lower price than the original German preparations which were of a higher quality and therefore more expensive; this naturally had an unfavorable effect on the sale of German preparations.

The Danish industry in its fight against foreign, and thus primarily against German imports, was supported by various measures taken by its Government. This was especially obvious in the issuance of invitations to bid and the placing of orders by official authorities, communities, and sick funds. In placing their orders these agencies always excluded German firms.

From the system of measures hindering (our) sales it is necessary to mention especially the severe restrictions regulating popular advertising of our products.

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No reference to specific use could be made in newspaper advertisements and show-window displays; furthermore the text had to be so worded as to make it impossible to infer the specific use (of products); also it was not permissible to show pictures hinting at a specific use, etc. In spite of various requests on our part we were unable to secure clear directives from the authorities; as soon as these ill-defined provisions had been transgressed even though slightly, legal proceedings were taken against us.

The protection of domestic industry is especially noticeable in the field of serums and vaccines (intended) for human and veterinary-medical purposes. The "Statens Serum Institut" and the "Statens Vet.-Serum Laboratorium" are allowed by law to sell their products directly to physicians or veterinarians whereas we are obliged - also under the law - to sell our analogous products exclusively to pharmacies. This entails a considerable increase in price and injures the possibilities of selling our corresponding products. As a result we are almost entirely barred from Denmark in the field of serum therapy. We were allowed to make deliveries only in special serums as were not produced by the State laboratories.

The basic tariff for the import of foreign preparations is favorable, but the 10% import tax and the increase in price necessitated thereby hampers the growth of our turn-over.

II

Because of the situation described above, we consider the realization of the following requests as essential:

The Danish market should without restrictions be open to firms of the German pharmaceutical industry. Insofar as individual important pharmaceuticals

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are concerned, which are domestically produced, the Danish market should be regulated by agreements. In addition to this general request we should like to submit the following individual requests:

The maximum duty on pharmaceutical specialties should not exceed 10 to 15% of the free-frontier value. New customs charges and especially other import duties should therefore not be introduced by the Danish Government.

On assessing profits on turn-over for purposes of taxation a rate of 5% of the turn-over appears reasonable for the pharmaceutical business.

Moreover various Danish administrative provisions concerning the pharmaceutical business should be canceled or amended because of their hampering effect on the sale of German products. This applies in the first place to the strongly restrictive provisions for the regulation of popular advertising.

In the case of invitations to bid and other adjudications of orders by the Danish authorities and public organizations, German pharmaceutical products should be placed on an equal footing with the Danish ones.

Governmental provisions governing the sale of human serum and vaccines issued for the benefit of domestic serum laboratories, which have made our business extremely difficult, should be adapted to provisions existing in Germany.

In order to secure cooperation of the German and Danish pharmaceutical industries in the export markets, some kind of financial participation or a connection with a German export organization abroad

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should be contemplated. We have in mind especially the insulin production, a great part of which is being sent to the German Reich. In the interest of keeping Germany supplied with this product we find it advisable to participate in some way in Danish production.

The substitute ("Erepts") industry which has particularly flourished in Denmark and which as previously mentioned has chiefly sold imitations of German preparations, should be purged in the interest of German inventors and producers of original articles. It is necessary, for this purpose, to reexamine the entire Danish production of these articles in concurrence with the interested German firms so that a decision may be reached in each individual case as to the products to be eliminated from the Danish production list as simple imitations.

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(Cont'd)

Production of human serum in Denmark is not in proportion to the limited requirements of the country and can be kept going only with the aid of the Government. Agreements concerning production and sale should be made with the two Danish laboratories. Denmark's total serum requirements can readily be supplied by Germany.

In the field of dental preparations we shall strive to eliminate imitations of our carcase. Furthermore it is desirable in the future to replace English and American dental supplies by German products. Agreements regulating prices and market conditions should be made with the Danish producers who have remained in the Danish market. Since in the dental field, numerous small firms producing local anesthetics and other technical dental supplies are hampering German

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exports a reexamination of that part of Danish production should be considered. The entire Danish demand for this product can be easily met by Germany.

A provision prohibiting the construction of new plants for the manufacture of pharmaceutical products in Denmark should be issued in conformance with the reorganization of relations between Germany and Denmark. The nitrous oxide plant which was recently erected in Denmark by the Swedish firm "ASA" Svenska Aktiefolaget Gasaccumulator, Stockholm, is taking advantage of the lack of English merchandise and undervalued German merchandise. In order to avoid further disturbances in German exports of nitrous oxide, it would be necessary, by means of a general prohibition, to prevent new plants from being erected also in this field of production.

Shipments of Danish firms of raw material for the production of pharmaceutical specialties should be organized in such manner that competition by Danish imitations of German original products, made of such raw materials, is rendered impossible in Denmark itself and in other markets.

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PHOTOGRAPHIKA

I

The firm "Merkur" Carl Poulsen & Sønner, Copenhagen, is the domestic enterprise manufacturing photographic supplies in Denmark. This factory is relatively unimportant. It produces chiefly photographic papers and quite recently it began to produce roll films as well. In quality, however, its products are far below articles produced by important foreign firms.

We started systematic exports of our photographic supplies in 1926. In 1927 our turn-over amount to EM. 459,000. By 1931 it had gone up to EM. 1,300,000, then as a result of the devaluation of the Danish crown it went down to EM. 770,000 in 1933 and could be increased again to EM. 1,500,000 in 1939.

Our business has particularly suffered from the underbidding of the American, English, and Belgian competitors, and, on the other hand, from the fact that the Exchange Office (Valuta-Kontor) naturally favored, especially imports from England, and thus opposed our deliveries

by not granting us sufficient (foreign) exchange licenses.

II

It is desirable to have further developments of the photographic industry (in Denmark) adjusted to the export requirements of the German photographic industry and to make such developments subject to licensing.

Moreover a guarantee should be obtained to the effect that the Mercantile Procurement Administration which,

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as it is commonly known has superseded the Foreign Exchange Office, will, for purposes of importing German photographic supplies, make available sufficient amounts of exchange to provide the Danish market with German photographic supplies.

Imports from other countries must be correspondingly regulated. As a general rule, the present tariff rate on photographic supplies imported from Germany may be maintained. The tariff rates existing in Denmark may be contemplated as preferred tariff rates for the German industry.

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I. AROMATIC SUBSTANCES

In the field of synthetic aromatic substances in Denmark the firm of Seidelin & Holnblad, Copenhagen, has produced only benzaldehyde. In addition, several smaller Danish specialists have been engaged in the manufacture of compounds. Because of the low prime cost, these firms were able to sell their products at prices lower than ours. Furthermore, Dutch, Swiss, French, and especially English producers appeared as competitors in the Danish market.

Our turn-over amounted to EM. 4,750 in 1938 and could be raised to about 32,000 EM. in 1939.

II

Care should be taken to insure the issuance of a sufficient number of foreign exchange licenses for deliveries of German aromatic substances. In addition, further developments of the existing aromatic substances industry should be subjected to licensing.

Furthermore, it is to be desired that, in the future, Germany may import benzaldehyde duty-free into Denmark and that Germany be granted preferential tariff rates for shipments of aromatic substances to Denmark. The consumption taxes amounting to 40%, which were introduced by the Danish Government at the beginning of this year, should be annulled.

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6. ARTIFICIAL SILK AND CHEL WOOL

The Association of German Artificial Silk Producers, Berlin W. 35, and the Professional Group "Chemical Production of Fiber" are conducting negotiations with the Reich Ministry of Economic Affairs concerning future shaping of commercial relations with Denmark in the field of

artificial silk and goll wool.

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7. NITROGEN AND NITROGENOUS PRODUCTS

I

Denmark occupies an important position among the nitrogen consumers of the world. The Danish market is the most important of the Scandinavian markets. Consumption of nitrogen has increased steadily and considerably, and in the last fertilizer year, i.e., 1939-40, reached 60,000 tons of nitrogen.

Denmark has no synthetic nitrogen industry. In the course of years, a number of projects were planned but never carried out, because of the unfavorable conditions for such an industry in Denmark. The Association of Danish Cooperatives has established a construction fund to which certain amounts were transferred from surpluses each year. It cannot be foreseen, under the present conditions, to what extent it will be necessary to resort to this fund.

Byproducts accruing in the gas works in Copenhagen amount to approximately 200 tons N annually.

In years past Norway and Chile supplied one-half each of the nitrogen requirements. As early as in the fertilizer year 1928-29, the Nitrogen Syndicate furnished 50% of the nitrogen supply, whereas the amounts supplied by Norway and Chile dropped to 28 and 22%, respectively. After the well-known understanding between Norsk Hydro and I.G., the Norwegian merchandise was sold through the Nitrogen Syndicate and the Danish market was chiefly supplied by Norwegian merchandise because of freight considerations. During the following

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years agreements were concluded with Chile and the other European nitrogen producers, which resulted in a regional distribution of the Danish market.

Quite recently the Dansk Svøvlsyre-og Superphosphatfabrikt, Copenhagen, the most important customer of the Nitrogen Syndicate, received an order from the Danish Government to build a plant for the production of 15,000 tons N (calcium nitrate) on the basis of coke oven gas.

II

Supplying the Danish market with nitrogen fertilizers in the future is a problem which undoubtedly can be solved only within the framework of reorganization of the nitrogen industry within the European economic sphere. Domestic synthetic production in Denmark must be prevented. Moreover the requirements of the country will be contingent upon the future state of its agriculture in conjunction with the reorganization of agricultural conditions in Europe. It is desirable to secure priority for Germany in the supplying of Danish requirements. Other producers should be excluded from the supplying of this market unless there are special reasons which would require their participation. In this case, however, sales should be effected exclusively through the Nitrogen Syndicate.

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8. IMPORTS

Denmark has even in the past played an important role as supplier of animal organs (liver, bovine livers, and pancreas) for German production of pharmaceutical remedies. Since Holland and Jersey, which hitherto have, along with Denmark, supplied the raw materials which are indispensable for the production of certain pharmaceutical remedies, cease to exist as suppliers because of political circumstances, the importance of Denmark as a source of supply has increased considerably. Increased sales of such animal organs to Germany should be insured by appropriate agreements. Besides, Germany will until further notice, be interested in purchasing insulin in addition to her own production.

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BELGIUM.

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The Belgian chemical industry shows more or less the same characteristics as Belgian industry in general; its large production potential is concentrated in a very small area with the main emphasis on the production of chemicals in bulk. Its output is consequently too large to be absorbed by the domestic market only, while on the other hand, its one-sidedness results in the inability to satisfy the varied demands of the highly industrialized Belgian economy.

The following details are important in an evaluation of the Belgian chemical industry:

1. One of its striking characteristics is the fact that it is made up for the most part of large enterprises which obviously are the backbone of the Belgian chemical industry, notwithstanding the existence of numerous plants of medium and small size. It must be kept in mind that a number of these large enterprises, as for instance Solvay, Union Chimique, Societe Belge de l'Azote, Fabelta, etc., are by no means important to Belgian economy only, a factor which must be given serious consideration, particularly in connection with the plans for a new economic order in Europe.

2. Although large quantities of goods are produced, the products show very little variety, and the main emphasis is placed on the production of chemical bulk goods, in spite of the developments of the last few years. The main products are, as is known, chemicals (particularly heavy chemicals such as sulphuric acid, sulphates, chlorine, carbonate of soda, caustic soda and potash) in addition to artificial fertilizers, artificial silk, mineral dyes, explosives, and photochemical goods. On the other hand, production of organic chemicals is by no means sufficient to satisfy the domestic demand for dyes, pharmaceuticals, etc.

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This apparent discrepancy between the large production volume and the comparatively limited variety of products explains the fact that the Belgian chemical business accounts for remarkably large imports and exports of chemical products, notwithstanding the fact that domestic production is very large (almost 500 million marks) and that the domestic demands are extraordinarily heavy. The result of this foreign trade which during the last few years ranged between 70 and 110 million marks was a trade balance very favorable to Belgium, amounting to an average of 50 million marks.

3. Although many waste products which are byproducts of the domestic industry are utilized, the supply of raw materials, including those of the Congo territory, is very limited and makes necessary considerable imports of pyrites, ores, cellulose, phosphates, etc. Due to the extremely favorable geographical location of the Belgian industry and due to the Belgian trade policy advocating free trade, the fact that the Belgian chemical industry is actually largely dependent on foreign raw materials has not made itself felt to any considerable extent.

4. Belgian trade policy has striven to establish free trade relations not only with regard to the chemical industry but with

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regard to the whole national economy. Its objective was to secure imports of cheap raw material and of such semifinished and finished goods as are not produced in the country itself, and, on the other hand, to make possible exports of its large quantities of chemicals in bulk produced for the world market.

The problem of what position the Belgian chemical industry is to occupy in the projected new order of the European chemical industry depends on a number of preliminary questions which cannot be answered for the time being.

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As for instance the problem of the Belgian colonies and the organizations of the future Belgian administration. The subsequent conclusions which are based upon the above-mentioned facts can therefore be of limited importance only.

This is particularly true of that problem which in the last analysis will be the decisive factor: whether the extremely large production capacity of the Belgian chemical industry - extremely large even when measured by German standards - is not on too large a scale, unless additional demand can be created by expanding existing European markets. In any case, it seems advisable to consider carefully the Belgian chemical industry as to its size and structure. In the course of this examination the fact that this industry is dependent on imports of non-Belgian raw materials and of raw materials coming from overseas should be particularly kept in mind.

In this connection it should be stressed that the basic structure of the Belgian chemical industry, which was geared to the production of chemicals in bulk, as described above, should not be altered by allowing production of a large assortment of chemicals, including products which heretofore had been imported (such expansion has been noticeable already before the war) while on the other hand consenting to maintaining large imports of non-Belgian chemical products which were made necessary by the Belgian trade policy.

Attempts to create a national dye industry which are subsequently described must be thus evaluated as particularly important examples for a policy aimed at achieving structural changes in the economy.

As to Belgian foreign trade in chemicals, one of the most urgent problems

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involves weighing the large volume of the Belgian exports against the German need for export markets. In connection with this problem the possibility of supplementing already existing agreements ought to be considered. The problem is particularly urgent, for just now a movement is under foot in the Belgian chemical industry and especially in the fields of pharmaceuticals and photochemical articles to look for compensation for lost markets in fields which heretofore were exclusively reserved to the German chemical industry.

Finally, it seems to be advisable to make certain shifts in Belgian imports of chemical products in favor of the European chemical industry in general. Belgian imports from overseas in particular should be replaced by shipments from Greater Germany insofar as the industries of Belgium proper cannot profitably produce the necessary products themselves. In the following we have expounded some proposals of a general nature based upon the above-mentioned general considerations. These proposals reflect only part of our interests in the Belgian chemical industry since they are limited to Belgium proper and since they do not take into consideration a number of important problems which cannot be solved for the time being

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(For instance the fact that Belgium as a country of transit acts as a very important clearing house and that there are certain very important international connections, which are based on the large Belgian chemical enterprises). We should therefore like to reserve the right of supplementing the following report with further proposals as soon as the necessary data for making such proposals are available.

There is a further limitation inasmuch as the over-all problem concerning the firm of Solvay cannot be dealt with in this report. The international importance of this firm passes far beyond the scope of the Belgian chemical industry and must, therefore, be dealt with in a special report.

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With the above-mentioned reservations we present to you the following report on the actual status and the development of the Belgian chemical industry with regard to its export markets. In this report we also have formulated our proposals regarding special fields of production and adapted them to the special export interests of Germany.

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Basic Proposals with regard to production and sales within the framework of Belgo-German relations.

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Belgian trade policy in principle was not aimed at general discrimination against Germany. However, as it attempted by means of the close connections existing between the Belgian economy and the world markets to further all branches of Belgian exports by concluding reciprocal trade agreements, the core of the problem of Belgo-German trade relations is not so much one of an amelioration of the present Belgo-German barter trade, but rather one of how to strike a sound balance between the need for foreign markets of the Belgian and the German export industry.

Furthermore, certain changes to be made in the Belgian system as to tariffs and licenses will probably expand Belgo-German trade relations to the disadvantage of the one-sided trade between Belgium and other countries, in particular countries overseas and England.

Taking as a point of departure the fact - particularly important in connection with Belgium - that the complicated structure of Belgian foreign trade must be adapted to the requirements of the New Order of European economy, we suggest the following only after careful examination and in a very cautious manner:

A. Steps to be taken with regard to trade policy.

1. The Belgian tariff system ought to be revised in order to eliminate those regulations which have been an obstacle to the import of German products.
2. Consideration should be given to the possibility of building up a system of preferential tariffs favoring Germany. The absolute rates of these preferential tariffs must not have a prohibitive effect on German exports. The extent to which these preferential rates are to be effective with regard to other countries should be fixed for each item and should be stipulated accordingly.

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3. Steps should be taken to bring about a balance between the German and Belgian exports to other countries.

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This balance should be achieved insofar as possible by agreements between private enterprises or by an over-all agreement between German and Belgian industries.

4. Insofar as it remains necessary to issue regulations with regard to the quantities involved in the Belgo-German trade, sufficiently large quantities must be secured for Germany. In connection with the necessity of a balanced Belgian budget, the purchases of goods, which were previously made (purchased) in other countries should be shifted to Germany. In making this shift, we must also keep in mind the importance of securing a sufficiently large market for high-quality products which may be used in export, such as synthetic tanning agents, crude varnishes, synthetic fibers, and artificial materials.

5. All discriminatory measures, such as certificates as to the origin of certain products, compulsory declarations and registrations as to the origin of these products and similar regulations ought to be abolished.

6. Regulations, regardless of whether issued by administrative bodies or by private organizations, which discriminate against German products in the favor of goods originating in Holland or other countries, must be abolished.

B. Questions regarding the right of Settlement

1. German nationals in Germany should receive permission without restrictions to remain in Belgium.

2. German nationals should receive working permits in accordance with industrial needs. German authorities will have to decide whether such a need exists or not.

3. In conformity with regulations issued by the trade police and to similar decrees which also apply to Dutch industrial enterprises, we should be entitled to establish freely new enterprises in Belgium.

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C. Tax policies.

German establishments - the term "establishment" is used here in the meaning of the agreement with Germany directed at the elimination of double taxation and comprises branches, plants, storerooms, and agencies - as well as the establishment of subsidiaries of German enterprises must not be hampered by measures concerning tax policies. By this is meant:

1. Industrial enterprises. - (a) Taxation must be restricted to the capital of these enterprises, including real estate, the profit made by them, and their own turn-over.

(b) As to the kind of tax to be imposed, the tax rate and the base rates for levying taxes, these establishments must not be discriminated against as compared with other industrial enterprises of the country.

(c) Profits must be computed, not on the basis of the balance sheets of the German parent firm, but only on a percentage of the turn-over of the establishment in question. Such a pro-rata computation must be stipulated for each separate kind of product.

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In case of dispute an interstate commission composed of members of both countries will arbitrate. As to profits resulting from the sale of products made in Germany, the pro-rata computation must be based upon the dealer's profits and not on the profits made by the manufacturer.

2. The regulations given above
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under 1 (a) and (b) are also applicable in the taxation of subsidiaries of German enterprises.

Taxation of the profits of such subsidiaries should ordinarily be based on their bookkeeping systems insofar as the books are kept according to regulations. If foreign tax authorities should prove that the profits thus computed are apparently disproportionate to profits from business of the same kind or similar nature, the profits would have to be computed on a pro-rata basis of the turn-over of the subsidiary company. The regulations given under 1 (c) apply accordingly.

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Development and actual situation of the Belgium chemical industry, subdivided according to the sales organizations, with special reference to German export interests; and concrete proposals for certain fields of production.

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1. Dyestuffs, auxiliary products for the dye industry, auxiliary products for the textile industry.

I

Belgium did not produce any dyestuffs of her own until the time of the beginning of the first World War. The whole demand for dyestuffs, which amounted in 1913 to approximately 8,000,000 marks, was supplied by imports from Germany and Switzerland. According to the size of these industries in the two countries, Germany's share was by far the larger one and amounted to almost 7,000,000 marks, or 86 percent of the total imports of these products.

As the victorious nations developed "national" dyestuff industries in their countries after the World War violent competition for the Belgium dyestuffs market resulted. Those taking part were not only countries which had established dyestuffs production during and after the World War such as France, Great Britain, Holland, and Czechoslovakia but to an ever-increasing extent the United States of America and Japan also, even during the last six months before the beginning of this war.

Belgium's sympathies for the western democracies aided in gaining a foothold for the products of these countries on the Belgian market. Thus the struggle for the Belgium dyestuffs market resulted in victory for these countries and resulted in the fact that out of the total Belgian imports for the year 1938, which amounted to about 7.5 million marks, less than half came from Germany (45.8% or 3.5 million marks). More than half of the Belgian imports were supplied by Switzerland, France, Great Britain, Holland, and the United States of America. The following table shows the participation of the dyestuff producing countries in the supply of the Belgium market for the year 1938.

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| | |
|---|----------------------|
| Germany | Blk. 8,470,000-45.7% |
| Switzerland | 1,255,500-16.8% |
| France | 1,020,500-13.5% |
| Great Britain | 281,600- 3.7% |
| Holland | 419,000- 5.5% |
| Italy | 28,500- 0.4% |
| Czechoslovakia (figures for January through Sep- tember 1938 only) | 121,400-1.5% |
| United States of America | 926,700-12.2% |
| Japan | 62,400- 0.8% |

Belgium did not produce any dyestuffs or auxiliary products of her own for the dyestuff industry and for the textile industry. In 1937-1938 the Etablissements Kuhlmann in Paris had operated temporarily a small dyestuff plant in Riese-Ertvelde near Ghent. As far as we know, this plant was not operating when war broke out in 1939. The Societe Carbochimique at Tertre, a subsidiary of the Societe de Belgique, began about two years ago the construction of plants for the production of synthetic dyes, which were to be ready to operate in the early part of May of this year. Construction, however, had not been completed at the start of this war. According to a recent statement, issued by Belgian quarters, between 25 to 30 million Belgian francs were invested in this project. A dyestuff enterprise of this size would be able to produce quantities which would not only be able to replace a considerable part of previous German exports to Belgium, but which would necessarily lead to exports of Belgian dyestuffs to other countries, for the Belgian market alone would hardly be able to absorb the entire production of special dyestuffs as it was planned.

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II

We therefore respectfully submit the following proposals:

1. The plant of the Societe Carbochimique, Tertre, a subsidiary of Societe Generale de Belgique, which is neither necessary from the point of view of Belgian economy nor desirable from that of the planned new order of European markets, should not be completed nor should operations be started. This requirement is particularly important as, in view of the situation at present, its output would only be a barrier to German production and German exports. We therefore are requesting the help of the authorities during private negotiations which we intend to enter into on this subject with the Societe Generale de Belgique.
2. In addition, construction of plants for the production of dyestuffs and organic semifinished products should require a license to this effect.
3. Belgium must institute a quota and licensing system, which would have to be organized in such a way that the demand for Belgian imports of dyes, auxiliary products for the dyestuff industry and for the textile industry would be supplied as a general rule by Germany only unless reasons of trade policy make certain exceptions necessary.
4. Imports of German dyestuffs, auxiliary products for the dyestuff industry are to remain free of duty as heretofore.

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2. Chemicals.

I

Even before the First World War the Belgian chemical industry had already gained considerable importance. Its main production was in the field of heavy chemicals, in particular sulphuric acid, hydrochloric acid, sodium sulphate, calcium chloride, potash, and to a lesser extent chlorine products based upon electrolysis.

After the First World War Belgian chemical production was expanded as it was everywhere else. In addition to the above-mentioned products, synthetic nitrogen was produced on a larger scale and in connection with this synthetic methanol was manufactured. From this was derived formaldehyde, a raw product necessary for the production of artificial materials. While Belgium before the First World War imported one-third of its requirements in chemicals, this amount decreased during the last few years to about one-fifth.

It can generally be stated that the German chemical industry has succeeded in concluding satisfactory agreements concerning market regulations, exports, etc., with Belgian producers at least with regard to the more important products. The S.A. Belge de l'Azote et des Produits Chimiques du Werly, at Dugree had become a very aggressive competitor on the European markets in the field of methanol derivatives, which was due rather to their extremely low price level than to a large output. It has come to our attention that the RIAS, the German sales organization for methanol and formaldehyde, has succeeded in concluding agreements for individual countries with Dugree.

Belgian exports have caused no disturbances of any sort in Germany proper. Only sulphuric acid was shipped in any great quantity to the DAWV at Bochum under agreements dating from the years 1928 and 1929, which could not be revoked or cancelled for certain reasons even after the expiration of

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these contracts. There is no economic necessity for maintaining Belgian exports under the present circumstances, as Germany is very well able to supply its own demand in view of its tremendous capacity for the production of sulphuric acid. The only reason was that the Belgian sulphuric acid was cheaper than the German. The main purchasers of Belgian exports were, Holland, France, and Great Britain because of their geographic position and for certain products also other countries, as for instance the U.S.A., the Scandinavian countries, etc. The exports in these other products were regulated in part by Germany under existing agreements (such as agreements for the export of sodium sulphate, chloride of lime, caustic potash, etc.)

At time Belgium has been a very annoying competitor in the field of Phthalic anhydride (see attached chart under Organic Semifinished Products Column D)

(Charts omitted)

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3. "BAYER" PHARMACEUTICALS, DENTAL SUPPLIES, CHEMICALS FOR PEST CONTROL AND VETERINARY PRODUCTS, "BAYER" CHEMISERUM SERUMS AND VACCINES

I.

Before the first World War there was in Belgium no permanent national industry in the field of pharmaceutical products which could have developed together with the rest of the industry. There were only a small number of laboratories producing pharmaceuticals and special products. The five most important of the laboratories in existence at that time were:

Georges Labouverie, Ougree.
Laboratoires Optima, Schaerboeck-Brussels.
Pharmacie Centrale de Belgique, Hal.
Ealcker Wielecans, Brussels.
Pelgrims at File, Brussels.

These five firms, only two of which are still in existence and the few other existing laboratories, which were of only local importance together employed up to 1914 a few hundred workers and their total output amounted to approximately three to four million marks a year. Their production consisted of drugs in the form of powder and pills, a few kinds of lozenges as well as extracts, ointments, organic preparations, serums, and vaccines. Almost all of the entire output was consumed within the country; only minute quantities were exported to the Belgian colonies and to the neighboring countries such as Holland, France, and Germany.

As to raw materials, Belgian industry was to a considerable degree dependent on foreign countries. Belgium purchased her basic products at that time mainly in France, and also in Great Britain, Germany, and the Netherlands.

Belgian demand for medicines which exceeded to a considerable extent the actual output which Belgian firms were able to provide was supplied by imports coming largely from

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France. About the turn of the century the German pharmaceutical industry too attempted with mounting success to sell its products in Belgium. A few figures on the sales of the pharmaceutical division of the I.G. which are all doing business today under the name of "Bayer", demonstrate clearly the development between 1900 and 1914.

| | | |
|------|-------|---------------------|
| 1900 | ----- | About 150,000 marks |
| 1905 | ----- | 250,000 marks |
| 1911 | ----- | 350,000 marks |
| 1913 | ----- | 500,000 marks |

The Belgian pharmaceutical industry in its present form has developed chiefly since 1918. This development was furthered to a considerable extent by a complete reorganization of the Belgian tariff system in 1924 which provided for much higher tariff rates for special products originating in other countries. In addition the Belgian pharmaceutical industry was subsidized in the postwar

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years by the State and was furthermore assisted by receiving preferential treatment in the allotment of contracts by the State.

The value of the entire output of the pharmaceutical laboratories existing in Belgium at the present time amounts to about twenty to twenty-five million marks annually. It is consumed almost entirely within the country itself. Belgian exports of prepared medicines amounted in 1938 and 1939 to about eighteen million Belgian francs annually. This means not quite 1.5 million marks. These exports, when compared to the pharmaceutical exports of the larger countries, are insignificant particularly as almost half of these exports went to the Belgian colonies. Only in exceptional cases did the Belgian industry figure on other export markets.

The pharmaceutical industry in Belgium is composed of a number of larger enterprises, which developed after the first World War. At the same time the number of laboratories which have regional importance has greatly increased. The most important large-scale producers of pharmaceutical products in Belgium are:

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Union Chimique Belge S.A. Pharmaceutical Division "Maurice."
Pharmacie Centrale de Belgique (abbreviated P.C.B.).
Louis Sanders S.A.
Produits Bios, Etablissements Costellier France.
Laboratoire Optima S.A.
Institut Pasteur, Brussels.
Institut Sérothérapique de Gembloux.
Laboratoire de Sérothérapique, Brussels.

To what extent the present pharmaceutical industry in Belgium has expanded at the expense of German exporting firms is best illustrated by the history of the development of individual firms. We shall give, therefore a short resume on the most important firms:

Union Chimique Belge S.A. Pharmaceutical Division "Maurice"

The Pharmaceutical Division "Maurice" was incorporated into the Union Chimique Belge (which in turn is owned by a syndicate of banks under the leadership of the Banque de la Société Générale de Belgique) only in 1929 by acquiring the Société Anonyme des Produits Chimiques et Pharmaceutiques "Maurice." Ever since then the U.C.B.S.A. has maintained that it has created a national pharmaceutical industry and insists, therefore, upon protection by high import duties and far-reaching preferential treatments in the allotments of government contracts and all contracts for the colonies. The company has pleaded its cause successfully before the Belgian government for the last ten years.

A closer examination of the products listed by "Maurice" will reveal that these products are to a very large extent nothing but imitations of those produced by the German pharmaceutical industry. Some of our products which were imitated were, for instance: "Bayer 305, a remedy against sleeping sickness; Salvarsan.

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Frontosil, liver extract, etc." The U.C.B. has also attempted to

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plagiarize our synthetic malaria medicines, Atabrine and Plasmochin, but has not met with success in this respect. It may rightfully be asserted that not a single interesting discovery has originated in the "Maurice" laboratories. In order to round out the description of the firm of "Maurice" it may be stated that it imitates leading German firms even as to its methods of advertising. It must be further emphasized that the U.C.B. used political arguments in its advertising in order to keep the German products from the Belgian market.

Pharmacie Centrale de Belgique (Abbreviated: P.C.B.)

This company was originally established as a wholesale firm. In due course of time however, it became an agent for various firms, French firms in particular and later on made special products of its own in the pharmaceutical field. A considerable part of its shares was gradually acquired by the U.C.B. The P.C.B., therefore, must be considered the main agent for the pharmaceutical products under the trade mark of "Maurice" for the Belgian market. A list of the board of directors shows a great many of the same names as the management of the U.C.B. The board of directors of this firm is in turn composed of members of the board of directors of the above-mentioned Belgian Banque de la Societe Generale de Belgique. In view of this fusion between managing organs of the U.C.B. and the P.C.B., it is perfectly clear why the P.C.B. has followed the same methods of the U.C.B. as to manufacturing processes and as to advertising.

Louis Sanders A.S.

This firm's main activity is the sale of popular quack remedies which it attempts to market with the help of an extensive newspaper campaign.

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and by other advertising tricks. It is significant that there is constant criticism of the advertising methods employed by the firm of Sanders even by Belgian doctors and pharmacists. Only during the last few years the firm has begun to put its production on a more scientific basis by establishing a laboratory for hormone and vitamin research. In this connection it must be stressed that mainly chemists, who had emigrated from Germany and Austria were called upon to assist in the expansion of this enterprise. There have been no important achievements, however, in this laboratory up to now. Its plant, situated in the environs of Ieth, near Brussels, produces a few pharmaceuticals on a small scale which up to the present time have disturbed our activities only on the Belgian market.

The firm of Sanders is a typically Belgian Company—that means it is made up of financiers and politicians who considered the opposing of German competition as their common task.

Produits Bios, Etablissements Coutellar Freres

This company and the brother of the former Minister of Economics, van Isacker, were granted exclusive right for the production of opiates

in Belgium. This hurt the German industry considerably as its exports were thus made impossible. Coutelier, a Frenchman, who later on acquired Belgian citizenship, was for some time vice president of the Belgo-German Chamber of Commerce, although his company was always ready to fight German imports. The Belgian Ministry for Public Health on different occasions objected to the vaccine produced by the firm of Coutelier because of their preparation and quality.

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Institute Pasteur Brussels

The institute which is patterned wholly after that of France, was originally intended to be nothing but an institute for hygiene. Although it belongs to the Province of Brabant, it took up the production of serums and particularly tetanus and diphtheria serums. It succeeded in having the Government institute protective tariffs for these products which hit the German serum industry in particular very hard.

Institute Serotherapie de Gemblesse

This institute produces serums and vaccines to be used for human beings and animals and one of its main aims is the opposing of German imports. Together with the above-mentioned Institute Pasteur in Brussels, it has worked for the introduction of protective tariffs.

Laboratoire de Serotherapie, Brussels

This laboratory, which like the above-mentioned institute, sells serums and vaccines to be used for human beings and animals, is particularly anti-German and it uses preponderantly political arguments in advertising among its customers who are mainly Belgian doctors. More recently a close cooperation between this laboratory and the Union Chimique Belge S. A. has been apparent. The U.C.B. apparently has acquired an interest in this enterprise and intends to incorporate it into its own organization as a department for veterinary supplies. Belgian doctors and pharmacists in particular and also a large part of the general public have always been anti-German. This has been an essential factor in aiding the above-mentioned firms in their efforts to dislodge German products from their position on the Belgian market. This was particularly the case during the time of high political tension.

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(regarding introduction of compulsory training in Germany, militarization of the Rhineland, etc.). This attitude was fostered by emigrants and by the newspapers which were almost 100 percent anti-German. In spite of all this the German pharmaceutical industry was able to improve its position continually after the first World War. This development went hand in hand with the general advance of our ready-made special products, a field in which these superior German products were able to prevail in spite of all obstacles. A few figures referring to the turn-over by "Bayer" in Belgium suffice to prove this point:

| | Marks | | Marks |
|----------------|-----------|----------------|-----------|
| 1925 - - - - - | 600,000 | 1934 - - - - - | 1,500,000 |
| 1928 - - - - - | 975,000 | 1937 - - - - - | 2,000,000 |
| 1930 - - - - - | 1,300,000 | 1938 - - - - - | 2,350,000 |

Several obstacles to the exports of German chemicals to Belgium - exports which could have been further expanded - have already been mentioned briefly above. We shall repeat here the most important ones:

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Increased tariff rates in 1924 necessitated price raises which made it difficult for German products to compete. While formerly the tariff rates were computed from the wholesale value of the product including the cost of transportation and incidentals to the border this procedure was abolished and following the French example, the tariff was based on the retail price.

The protective tariffs for serums and vaccines which were instituted exclusively to protect the production of the above-mentioned Belgian institutes, have hurt our business in these products considerably.

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The tariff law made it obligatory to affix the name of the country of origin to all advertising material (for instance Imprimé en Allemagne - printed in Germany). Although this requirement applied to all countries it was particularly detrimental in its effect on the sale of German products, as potential customers for pharmaceuticals were especially anti-German. The national industry was given an qualified preference on the part of the Belgian authorities in cases of contracts for the army and for the colonies. Belgian industry received these contracts even if its prices were considerably higher than those of other competitors. This fact has closed large potential markets to the German export industry especially during the last few years before this war.

It was Belgium in particular which insisted upon reparations made in pharmaceutical products and which has received such reparations for one year more than all the other allied countries, namely until 1926, by selling at cut-rate prices tremendous amounts of reparation merchandise, amounts which far surpassed Belgian demands. In Belgium and in other countries even after the year 1930 this resulted in very considerable damage to us. This cannot be estimated even approximately.

II

The new order of the pharmaceutical industry in Europe as planned for the postwar period makes it imperative to formulate the following requests which are justified by the above-described development of the Belgian pharmaceutical industry:

1. The German pharmaceutical industry must have complete freedom of action in the Belgian market. In regard to individual importations, pharmaceuticals which were created by the inventiveness of Belgian industry

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and in which, therefore, this industry has a certain right to continue its activities, sales in Belgium and in other markets should be regulated by agreements.

We believe that the following steps should be taken in order to realize this general proposal:

(a) For imports to Belgium the maximum tariff rate for pharmaceutical special products must not exceed 10 to 15 percent of the wholesale value including transportation and incidentals free to the border. This maximum rate must not be artificially increased by imposing taxes and import duties of any other kind. All other charges connected with imports must be computed so that the entire amount of all charges including duty not to exceed the above-mentioned 15 percent. The method used by France and initiated by Belgium according to which duty for pharmaceutical specialties is levied from the general retail price, has to be replaced by the usual

method of levying tariffs, namely by computing the tariff rate on the basis of the wholesale value including transportation and incidentals free to the border.

(b) Protective duties for serums and vaccines which were introduced a few years ago in the interest of the Belgian Institute Pasteur must be abolished as it cannot be the objective of such an institute to manufacture these products on a commercial basis.

(c) By computing profits on the basis of turn-over for tax purposes a pro-rata of 5 percent of the turn-over seems to be an adequate percentage for the pharmaceutical business.

II.

In addition, several Belgian administrative regulations with regard to the pharmaceutical business must be abolished or should be changed as they have a retarding effect upon the sales of German products:

(a) German pharmaceuticals must receive the same treatment as Belgian products when Belgian authorities or public institutions invite bidding on contracts or allot contracts in any other way.

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(b) As mentioned above, the Belgian doctors and pharmacists assumed a very negative attitude towards the German pharmaceutical industry during the boycott movement. This attitude must not be fostered by administrative orders or by private consumer agreements aimed at giving preferential treatment to remedies of Belgian origin by using these exclusively. Precautions must also be taken that the authorities do not secretly assist the national industry by issuing any other administrative orders.

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In order to achieve the disposition as intended of the pharmaceutical industry in greater Europe under the supervision of the German pharmaceutical industry, the Belgian pharmaceutical industry, too, must be given its place in Belgium itself as well as in the export markets. The main objective of the Belgian pharmaceutical industry should be the supplying of the domestic market and of such colonies as might be left to Belgium. Belgium producers should be allowed to export, only after price agreements and market regulations have been made with the German pharmaceutical firms. Such agreements are particularly desirable for the more important pharmaceuticals and should form a part of over-all agreements for the entire world. With regard to the aforementioned arguments, we reserve the right to submit separate proposals on the part of the German pharmaceutical industry.

In order to secure such cooperation in the export field we should plan either to require financial investments on the part of the Belgian pharmaceutical industry in German export organizations abroad, or we should incorporate those industries outright into such organizations. In this connection it would seem to be imperative to gain control of the pharmaceutical division "Maurice" which is part of the U.C.B.

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The part of the Belgian industry which was engaged in the production of substitutes had met, with considerable success, particularly in Belgium, as is evident from the outline of its history given above. It was engaged mainly in imitating German preparations. A purge of this industry therefore seems to be to the interest of the German producers of the original preparations. To achieve this, it will be necessary to examine the entire field of Belgian production of such preparations in cooperation with the interested German firms. This will enable us to single out individual preparations which are merely imitations of German products and which, therefore, must be removed from the list of items which Belgian producers may manufacture.

In the field of serums and vaccines, Belgium production was developed without any consideration for the rather limited demand of the country. This was achieved by protective measures on the part of the State. As it is not difficult to supply all requirements from German production, the State-owned laboratories should either be completely abolished, since their output is neither essential nor necessary or agreements should be made concerning price and marketing to avoid disturbances of the market. The output of private producers insofar as it competes with German preparations ought to be treated in like manner; here, too, it is desirable to reach agreements on prices and marketing. In the field of dental supplies it is absolutely imperative to purge the Belgian market of local anesthetics and dental preparations. There is a large number of small producers who manufacture products of inferior quality which are consequently cheaper. These producers would have to step back in the interest of the

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more serious German firms and of their high-quality products. This would be achieved by agreements regulating this market. Particular emphasis should be placed upon the requirement that the formerly large imports of special finished dental supplies from France and England be replaced by imports from Germany insofar as possible.

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During the last few years a rather unpleasant situation has arisen in regard to the industries engaged in the production of chemicals for pest control. The attitude taken by the firm "Protex" in particular is responsible for bringing about this state of affairs. This firm has marketed imitations of our preparations, Solber and Nosprasit, under the names of Soltex and Cupracid. In addition, it competes with German-made lead arsenate, a high-quality product, by marketing an inferior imitation. We have brought suit, under the patent law, against this firm with regard to its marketing of Soltex. The firm of Protex markets its products by adopting methods which can only be considered as unfair competition. In addition to this the firm of Protex does not produce its own chemicals, but orders the chemicals marketed by it from the Belgo-Chemie which began to manufacture these products only after Protex had urged it to do so. Even so, the Belgo-Chemie was able to begin the manufacture of these products only after it had succeeded in hiring an emigre German-Jewish chemist.

In view of all this we believe it necessary to have the Belgo-Chemie abandon its production of chemicals for pest control which, at any rate, is a completely new field for this company. Furthermore, the firm of Protex should be directed to enter into negotiations with us in regard to the future development of their sales.

This new regulation of Belgo-German relations will have to be supplemented by introducing a compulsory licensing system for the construction of new plants for the pharmaceutical industry in Belgium. Furthermore consideration must be given to the matter of which of these very small laboratories having only local importance may continue to operate.

Shipments of raw materials used in the production of pharmaceutical specialties should be distributed among Belgian firms in such a way that Belgian products manufactured from these materials do not compete with similar products of German origin, either in Belgium proper or in other countries.

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4. PHOTOGRAPHIC SUPPLIES

I

Before the first World War, the only firm making photo-chemical products was the firm of Photo-Produits Gevaert S.A.,

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Vieuxdieu near Antwerp,¹ After the war the Union Chimique Belge S.A., Brussels was established which also produced photo-chemical supplies. Another maker of photographic films is the Societe Industrielle de la Cellulose (Sidac) at St. Gilles-les-Bruxelles, which has a capital of 37.4 million francs and reserves amounting to 33.9 million and which operates a factory at Ghent. Photographic plates are produced, although on a minor scale, by the Etablissements des produits Photo-Chimique S.A., Kortryk.

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Although at the end of the first World War sales of our photographic supplies were resumed in Belgium it was only in 1926 that we were able to secure a foothold in the Belgian market worth mentioning by establishing the marketing organization of Agfa-Photo at Brussels. Our share in the Belgian business increased from year to year, thanks to the high quality of the Agfa products. Sales increased from 458,990 Belgian francs in 1925 to 11,253,349 Belgian francs in 1938.

Besides Germany, the U.S.A. (Kodak) and England (Kodak and Ilford) exported considerable quantities of these supplies to Belgium.

¹ Established 1894; present capital, 140 million Belgian francs; reserves amounting to 14 million Belgian francs. The company tried to surmount the growing difficulties connected with exporting by establishing subsidiaries in various countries. Thus in 1936 the firm of L'Industrie Photographique S.A. was established at Lille and in 1935, the Voigtlander-Gevaert G.m.b.H. at Berlin-Spindelfeld with a capital of 1.5 million RM. The latter company was founded jointly by (the latter) and Voigtlander & Sohn A.G., Brunswick which is a subsidiary of Schering A.G.; at the same time, Voigtlander & Sohn A.G. took over the marketing organization for Photo-Produits Gevaert for Germany. In the U.S.A., Gevaert has constructed a plant in Williamstown, Mass., and will soon begin operating it. Moreover, the firm has an interest in the Spanish firm of Infonel S.A., Barcelona, Calle Diagonal 480, as well as interests in firms of various other European countries.

The Union Chimique Belge S.A., which formerly also made photographic supplies in its "Forobel" plant at Bruxelles-Evere concluded an agreement with Photo-Produits Gevaert in 1938 which limits the Union Chimique to the production of only those basic and auxiliary materials which are used by the photochemical industry. Its main products are photochemicals which, as far as we have been able to ascertain are bought up by Gevaert.

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It was Gevaert which set the prices of and discounts on photographic films, photographic paper and plates for the country. The prices quoted by Gevaert were minimum prices binding for the members of the international cartel.

Sales of raw film used by the motion-picture industry were never very large in Belgium, as the Belgian motion-picture market was dominated by French and American firms, and as the national Belgian motion-picture industry was of comparatively minor importance. The actual though unimportant demand for raw film was supplied mainly by Gevaert, which offered its product at a price about 40% below the German price.

Due to considerably lower costs of production (lower wages and prices paid for raw materials) Belgian firms were able not only to keep prices at a very low level inside the country but also to set export prices for the rest of Europe and overseas, which were considerably below the German price level. In addition, the Belgian industry making photographic supplies was protected inside the country by high tariffs.

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Although the Belgian trade policy was not directed against Germany in particular and although Belgium had not established import quotas or other import restrictions our exports to Belgium suffered considerably because of other regulations.

Our sales were considerably hampered by the import tax, the sales tax, and the tax on luxury goods as well as by other tax regulations. A further restrictive element was the provision of the tariff law, according to which all goods had to be marked with the names of the countries of their origin, as this requirement worked exclusively to Germany's disadvantage because of the country's anti-German feelings.

We were unable to take part in the submitting of bids when public invitations for bids were issued; neither were we considered in supplying State or city-owned establishments, authorities, etc., as the domestic industries and Gevaert in particular would always be given preferential treatment. It might even be assumed that in these instances, the authorities prescribed expressly that only domestic products were to be purchased.

Attempts to increase our exports were further hindered by the fact that we were unable to secure the permanent services of a German national at Agfa-Photo, Brussels, since residence and working permits were issued to German nationals for a limited period of time only.

II

In respect to future German exports of photographic products to Belgium it would be desirable if a further expansion of the Belgian photographic industry were made dependent upon licenses of such German authorities as may be put in charge of these matters. The firm of Gevaert would thus be obliged to supply the Belgian

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market only to an extent which would not jeopardize German interests.

Exports on the part of the Belgian industry to other countries should be made only to an extent to be determined by Germany's need for exports to the countries in question, especially since Gevaert's production capacity is excessively large at the present time and will result in strong pressure for additional exports.

To protect the Belgian industry it might be advisable to establish a tariff rate of 25% on products of other countries and a rate of 5% including additional charges, for German products.

All measures of a discriminatory nature should be abolished and German importers should be entitled to participate in submitting bids whenever public bidding is invited.

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5. AROMATIC SUBSTANCES

I

The Belgian market in aromatic substances has always had to meet stiff international competition. The French industry for the production of aromatic substances in particular considered the neighboring Belgian market as its exclusive domain. This industry's leading position was even further strengthened when the French currency was progressively devaluated. This very stiff French competition caused us considerable difficulties in the sale of our products, difficulties which were further increased by offers at cut-rate prices on the part of the other countries which had devaluated their currencies—England and Holland—and by an intensive propaganda against German-made goods. This fact is best illustrated by figures of our sales, which in 1929 amounted to 11,000 RM. and to only 5,000 RM. in 1935. These figures, however, do not include those for our sales of vanillin and ethyl vanillin.²

II

To promote exports of German-made aromatic substances to Belgium we suggest establishing a tariff system, which would accord a preferential treatment to Germany as compared to our competitors abroad.

²German manufacturers of vanillin and ethyl vanillin decided to market both products jointly in Belgium as of 1938. For this purpose, they appointed a single firm to sell the above-mentioned products in Belgium.

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6. ARTIFICIAL SILK AND CELL WOOL

The technical group "Chemical Production of Fibers" will submit for the entire German industry all data on the production of artificial silk and cell wool to the Ministry of Economics.

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7. NITROGEN AND NITROGEN PRODUCTS

I

Just as in Holland and France the example furnished by the German chemical industry induced groups of Belgian industrialists and capitalists to invest considerable amounts of money in this field. The expansion of various plants, which was to take several years, was begun in part as early as 1925. In 1929, the lime-nitrogen plant Societe Belge d'Electrochimie at Langerbrugge was put into operation. This had an annual production capacity of 5,600 tons N. At about the same time, production, though on a limited basis, was begun in the synthetic nitrogen plants. This production was divided among the four groups as follows:

- (1) Solvay Group:
Production method: Casale process.
Capacity: 60,300 tons N.
Installations at Zandvoorde and Tertre.
- (2) Ougree-Maribaye Group:
Production method: Claude process.
Capacity: 61,700 tons N.
Installations at Ougree and Vilvorde.
- (3) Kuhlmann:
Production methods: Casale and NEC processes.
Capacity: 25,400 tons N.
Installations at Selzsete and La Meuse.
- (4) Montecatini-Coppée Group:
Production method: Fauser process.
Capacity: 27,500 tons N.
Installations at Willebroek.

The production capacity of the Belgian synthetic plants, including plants making lime nitrogen, amounts to about 180,000 tons N at present. In addition, Belgium has at its disposal another 20,000 tons N made from byproducts of coke ovens and gas plants. A comparison of these figures and the 72,000 tons N used domestically for agricultural and technical purposes reveals that the existing production capacity is far greater than the domestic demand and that the synthetic industry's production is intended mainly for export.

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During the years following the end of the first World War the demands for nitrogen of Belgian farmers were supplied mainly by shipments of Chile nitrate. These shipments amounted at times to about 26,000 tons N annually. In addition,

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about 10,000 to 15,000 tons N in the form of ammonia sulphate, a byproduct of the Belgian coke ovens and gas plants were available. Most of these byproducts were sold in Belgium by the Comptoir Belge dy Sulfate d'Ammoniaque, Brussels.

In view of the large demand for nitrogen products by the Belgian farmers it was only natural that Belgium asked for a share in shipments of nitrogen fertilizer made by Germany as a part of its reparations. The following quantities of pure nitrogen, mainly in the form of ammonia sulphate, were received and charged to the reparations account:

| | | | | | |
|--------------|-------|-------|--------------|-------|--------|
| 1924-25----- | about | 205 | 1927-28----- | about | 10,000 |
| 1925-26----- | about | 5,000 | 1928-29----- | about | 7,700 |
| 1926-27----- | about | 7,800 | 1929-30----- | about | 6,000 |

Reparation shipments were made partly through the above-mentioned Comptoir Belge du Sulfate d'Ammoniaque, Brussels, which changed its name to Comptoir Belge des Engrais Azotes, Brussels, because in addition to ammonia sulphate other products such as calcium nitrate and Leuns nitrate were shipped on account of reparations. Moreover, a number of other Belgian firms had a share in the German reparation shipments of nitrogen fertilizer.

In view of the increase in the Belgian home production, a closer cooperation of Belgian producers became necessary. Gradually, the synthetic nitrogen plants joined the Comptoir Belge des Engrais Azotes, Brussels, although a number of these plants retained the right to market their products independently on the basis of prices and conditions fixed by the Comptoir Belge.

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Soon afterwards, however, the producers of synthetic nitrogen banded together by establishing an organization of their own, the Federation Belge des Producteurs d'Azote, Brussels. The Comptoir Belge des Engrais Azotes, Brussels, in its capacity as representative of the makers of byproducts, also became a member of this organization. This organization was to represent the Belgian nitrogen industry in the international nitrogen cartel and to fix the share claimed by the various producer groups in the Belgian market and in export markets.

During the first few years of its existence the Belgian synthetic industry produced ammonia sulphate exclusively. Consequently Belgian purchases in Germany stopped as far as this product was concerned and only the other types, consisting mainly of calcium nitrate and chloride of ammonia (lime ammonia) were purchased from Germany. Gradually, however, the Belgian plants began to produce these chemicals, too, so that at the end of the fertilizer year 1934-35 they were able to do almost entirely without imports of German goods. All that remained to the German industry were some minor shipments to Luxembourg, which was bound by a tariff union with Belgium.

Up to the present, the Belgian colonies have had practically no need for fertilizer whatsoever.

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In view of the threatening overproduction in the early part of 1930 which was due to the fact that the newly organized European nitrogen plants had started production, and in view of the possible consequences which might result therefrom, the international nitrogen cartel was established in the summer of 1930, which the Belgian nitrogen industry joined. However, at the end of the fertilizer-year 1930-31 this cartel fell apart again. The German

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nitrogen industry was now faced with the following very serious situation in regard to Belgium, a situation which could be straightened out only at the cost of heavy financial sacrifices:

During the existence of the cartel the individual producers were protected by the principle, according to which the domestic markets were the domain of the national producers. In other words, domestic markets were reserved to the national industries. When the cartel fell apart the large German domestic market was wide open to foreign nitrogen producers. The flooding of this market with foreign goods at dumping prices became a real threat. Although the German government in July 1931 established a prohibitive import tariff of 120 RM. for each ton of nitrogen fertilizer, this tariff did not affect Belgium, as the Belgo-German trade agreement of 1925 granted Belgium the right to import ammonia sulphate free of duty. Due to this restriction, the established tariff rate could not be enforced in regard to other countries; namely, those countries which were entitled to the advantages resulting from the most-favored-nation clause, as Holland, for instance. It was not possible to prohibit imports, as the Belgo-German trade agreement contained a regulation according to which the trade between the two countries was not to be impeded by prohibiting imports or by other measures which might be detrimental to mutual trade.

The only way left open to the German nitrogen industry was to enter into negotiations with the Belgian industry. An agreement was reached in August 1931 according to which the Belgian industry producing synthetics was paid a lump sum of 8,5 million RM. for reducing its output to about 26,000 tons N - of which not more than 13,000 tons N were to be used for exports - and for shutting down plants under construction. The German industry furthermore agreed to pay a duty of 15 pf. (Pfennige) for each kilogram of N which it would export to Belgium. The Belgian producers,

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on the other hand, agreed to accord preferential treatment to the syndicate when importing products not made by themselves, i.e., mainly in the import of nitrates.

Subsequently the German and the Belgian governments in an exchange of notes agreed to adopt mutual import prohibitions. Belgium changed this to a licensing system inasmuch as further imports appeared to be necessary.

Trade policies thus resulted in an agreement between the nitrogen syndicate and the Belgian producers even in a year of general trade wars such as that of 1931-32.

TRANSLATION & EXCERPT OF DOCUMENT NI-10164
CONT'D

(Page 129 of the original, cont'd)

Under the International Nitrogen Syndicate agreement which was renewed in 1932-33 the basic principles of the above-mentioned agreement were at first continued. In subsequent years the Belgian producers were free to produce for the domestic market. However, since their share in the cartel exports was set at only 10% of the total cartel exports, i.e., to only about 25,000-30,000 tons N annually it remained necessary to limit their production considerably in relation to the production capacity. During the fertilizer year 1938-39 synthetic production including lime nitrogen amounted to about 68,600 tons N.

The export quota of the Belgian industry producing synthetics with the exception of the share assigned to the Kuhlmann group, was not marketed independently but was sold through the nitrogen syndicate in the export markets.

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As mentioned before, Belgium has not purchased any quantities of nitrogen to speak of from Germany since 1935. Only Chile saltpeter is still imported—about 7,000 tons annually—which, because of the conservative attitude of the Belgian farmers, was able to hold its ground against calcium nitrates. There was still a small market for German calcium nitrates and calcium ammonia in Luxemburg. Except for a quantity of 600 tons which may be imported duty free in accordance with the existing agreement the remainder of these imports is subject to the duty of 15 Pfennig per kilogram N.

We were thus freed of the obligations arising from the trade agreement of 1925, which were the basis for the enormous compensations paid to Belgian industry during the last few years as a result of intervention on the part of the German government. Payments as compensation for reducing production, which were based on the international agreements were continued, but were adapted to changing conditions as individual agreements were only extended on the basis of the status quo.

The above-mentioned groups also make nitrogen products for technical purposes, mainly ammonia water, aqueous ammonia, nitric acid, and ammonium nitrate. They supply Belgium's entire demand amounting to about 6,500 tons N, except for a small quantity of such products (for instance, urea and potassium nitrate) which they have not manufactured up to the present and of which they imported in 1938-39, for instance, about 160 tons N from Germany. The nitrogen syndicate has had (convention) agreements with the Belgian producers for several years, with the exception of Kuhlmann. Protection of the respective home markets was provided for in a general agreement. Additional export agreements guaranteed the Belgians certain export quotas for various types of products. In accordance with these agreements Belgium has lately exported about 3,000 tons N.

TRANSLATION OF EXCERPT
OF DOCUMENT No. NI - 10164
CONT'D

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II

Future Belgian production of nitrogen cannot be separated from European production as a whole, just as before the present war, it was an integral part of this production, in the framework of the European nitrogen syndicate. For this reason, it is impossible to treat the reorganization of the Belgian nitrogen market as a separate problem. Belgo-German relations in the nitrogen field must rather be fitted into the postwar pattern for a greater German economic sphere.

In order to regulate the nitrogen business inside the European economic sphere and to determine its relationship to the rest of the world, three main problems must be solved after they have been brought into accord with each other. (These problems are:)

- (1) The development of agriculture in Europe and its relationship to the world's markets for agricultural products.
- (2) The organization of the European nitrogen markets with regard to imports of Chile saltpeter which are necessary for reasons of trade policy and the organization of nitrogen exports from Europe to the nitrogen markets of the rest of the world.
- (3) Direction and supervision of the industrialization in the nitrogen field within the boundaries of the greater German economic sphere and influencing of the development of nitrogen production in the rest of the world.

These problems are closely interwoven in many respects and the effect which each of them has on

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the other must be given special consideration in the course of any reorganization of the nitrogen business.

It would be desirable if, in the future, Germany were accorded preferential treatment with respect to all extra demands for nitrogen on the part of Belgium and her colonies - along the same lines suggested for other countries.

By this measure imports of Chile saltpeter are to be excluded and/or controlled. It is very well possible to replace Chile saltpeter by other synthetic nitrogen products as was done in Germany.

TRANSLATION OF EXCERPT
OF DOCUMENT No. NI - 10164
CONT'D

In order to safeguard German exports to Belgium and her colonies all regulations impending at present, the entry of German goods and also of foreign goods, as far as these are exported through Germany should be abolished and/or rectified (for instance, the Belgian licensing system).

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8. IMPORTS

During the last few years, I.G. imports from Belgium amounted on an average to about 1,500,000 RM annually. The main items were benzene, toluene, and glycerin. There were practically no imports whatever from the Belgian colonies.

Although I.G. is greatly interested in securing such shipments from Belgium in the future as were received in the past, we shall refrain from making specific proposals in this report, as the above-mentioned products are handled by the competent Reich authorities and/or the joint associations (Arbeitsgemeinschaften) which are in charge of this matter and are given due consideration by these offices in accordance with the duties to be performed by them.

CERTIFICATE OF TRANSLATION

I, MORRIS AICHAN, AGO No. D-229649, certify that the above is a true and exact copy of pp.1445 to 1500, incl., of "Hearings before a Subcommittee of the Committee on Military Affairs, United States Senate, Seventy-Ninth Congress, Second Session, Pursuant to S.Res. 107 (78th Congress) and S.Res. 146 (79th Congress) Authorizing a Study of War Mobilization Problems, Part 10, February 1946", which is a translation of excerpts of Document No. NI-10164.

MORRIS AICHAN
AGO No. D-229649
OFFICE OF CHIEF OF
COUNSEL FOR WAR CRIMES

case 6
after Doc. 11-1064
Doc. 132-51 (9)

MEMORANDUM

on the agreement No. EE 1, concerning the hydrogenation process, between the Dainippon Seikoku Rikugun Dairin (Imperial Japanese Army Minister) and the I.G. Farbenindustrie Aktiengesellschaft.

The Dainippon Seikoku Rikugun Dairin (Imperial Japanese Army) and I.G. Farbenindustrie Aktiengesellschaft have today concluded a comprehensive agreement with regard to the hydrogenation process, in order to accomplish the great tasks for the development of the New Order in the world with which Japan and Germany are faced, and in order to achieve the great common goal based on the political principles of the Three Power Pact and its continuation of the economic co-operation carried on its spirit, in view of the importance which the supply of oil has for the joint conduct of the war.

To supplement and to explain this agreement the partners to it have laid down the following further points. As in the agreement itself, instead of "Dainippon Seikoku Rikugun Dairin (Imperial Japanese Army Minister)", acting for the Imperial Japanese Army, the term "The Japanese Army" is used, and the I.G. Farbenindustrie Aktiengesellschaft is called "I.G." below:

1. The rights coded to the Japanese army in accordance with Item 3 of the agreement concern know-how as well as patents. The I.G. has informed the Japanese army that its comprehensive experience concerning the hydrogenation process, and not only its own but also those supplied by its licensees, represent the most important part of the rights coded to the Japanese army.

(Page 2 of original)

The I.G. has given the Japanese army to understand that the patents which came into existence before the beginning of the war with the United States, were, for the territory covered by the agreement, transferred to the N.V. Internationale Hydrogeneeringsmaatschappij (International Hydrogenation Patents Co.), Den Haag, abbreviated IHP, according to an agreement made already about 15 years ago. Since the hydrogenation process was mainly developed by I.G. before the beginning of the war with the United States, the essential basic patents in the territory covered by the agreement are therefore in the hands of the IHP. The Japanese army has acquired a compulsory license on these patents. Under prevailing conditions, no patent application had yet been made for improvements found since the war with the United States broke out, in the territory covered by the agreement. The I.G. states explicitly that after that date will be given, the Japanese army the benefit of such patents as well as of unpatented inventions and experiences as are important to the application of the hydrogenation process, for the duration of and/the territory covered by the agreement.

- II. a) To supplement item 2 of the agreement, it is pointed out that all know-how and patents concerning the equipment for the hydrogenation process including the preparation of raw materials and the production of hydrogen are a material part of the agreement, as far as the I.G. can make dispositions for it. The Japanese Army or its authorized agencies, are however only authorized to apply these experiences and patents with regard to the hydrogenation process.

(Page 3 of original)

Thus the Japanese army is given the unlimited right to use any of the I.G.'s patents for high-pressure apparatus for the hydrogenation matters defined in the agreement but not for the production of other products. These patents remain the exclusive property of the I.G. as far as matters not connected with hydrogenation are concerned.

- b) Patents and know-how on the production of catalysers are also part of the hydrogenation-agreement because these are needed for carrying out the hydrogenation process.

The I.G. will familiarise the experts of the Japanese army with the details of production of the necessary catalysers in catalyser production plants of the I.G.

- III. In Item 3 of the agreement the territory covered by the agreement is established as the Japanese Empire, China and Manchuria. The I.G. has on principle agreed to extend the licence if possible also to other countries and territories which in the course of further development will probably belong to the immediate economic sphere of interests of the Japanese Empire. When drawing up the agreement, the difficulty of giving an exact contractual definition of this sphere of economic interests arose; the partners, however, agree that Burma, Thailand, Indo-China, the Philippines and the former Dutch East-Indies are to be considered the countries concerned.

(Page 4 of original)

At the request of the Japanese Army the I.G. agrees, as far as these countries and the enlarging of the territory covered by the agreement are concerned, to inform the Japanese army before constructing any of its hydrogenation plants in these territories or ceding any patents to a third party and to give the Japanese army an opportunity to acquire these patents for the country concerned itself.

- IV. In the negotiations about this agreement it was originally decided to deliver most of the machines and apparatus for the hydrogenation plants which are to be built from Germany. In view of the present situation it will not be possible to supply any large amounts for the hydrogenation plants. The assistance of the I.G. will accordingly mainly only include technical advice and the supply of construction data. The Japanese army however declares that, if possible, the greater part of the apparatus for the hydrogenation plants shall be delivered from Germany, in accordance with the original plan, as soon as transportation is possible.

The I.G. has pointed out to the Japanese army that the construction data for the production of certain special machines and apparatus, such as circulating pumps and Linde-plants are not available. For this special agreements have to be made with the producers concerned in every case. The payments to be made to the firms concerned by the Japanese army are to be fixed at the same time.

Berlin, 11 January 1945

Dainippon Teikoku Rikugun
Daijin
(Imperial Japanese Army Minister)

(signed) I.V.
KOMATSU

Berlin, 11 January 1945

I. G. Farbenindustrie
Aktiengesellschaft

(signed) BUSTEFISCH
PIER

TRANSLATION OF EXCERPTS OF DOCUMENT
No. NI-6925 (Cont'd)

.....

CERTIFICATE OF TRANSLATION

I, DOROTHEA L. GALEWSKI, ETO No. 34079, hereby certify that I am thoroughly conversant with the English and German languages, and that the above is a true and correct translation of Excerpts of Document No. NI-6925.

DOROTHEA L. GALEWSKI
ETO No. 34079

(E N D)

Master - Copy

MILITARY TRIBUNAL

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CASE NO. IV

Encl.



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| | NI-4024 | Copy of memorandum by Haspfliger and Farben Director Bruogger to the Office of State Secretary Keppler of 9 April 1938, submitting Farben's "New Order" proposals for the chemical industry in Austria. | 24 |
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UNITED NATIONS (1942-)

(S E A L)

MISCELLANEOUS NO. I (1943)

INTER-ALLIED DECLARATION

AGAINST ACTS OF DISPOSSESSION COMMITTED IN
TERRITORIES UNDER ANY OCCUPATION
OR CONTROL

(WITH COVERING STATEMENT BY HIS MAJESTY'S GOVERNMENT
IN THE UNITED KINGDOM AND EXPLANATORY MEMORANDUM
ISSUED BY THE PARTIES TO THE DECLARATION)

LONDON, JANUARY 5, 1943

Presented by the Secretary of State for Foreign Affairs
to Parliament by Command of His Majesty

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INTER-ALLIED DECLARATION AGAINST ACTS OF DISPOSSESSION
COMMITTED IN TERRITORIES UNDER ENEMY OCCUPATION OR
CONTROL (WITH COVERING STATEMENT BY HIS MAJESTY'S
GOVERNMENT IN THE UNITED KINGDOM AND EXPLANATORY
MEMORANDUM ISSUED BY THE PARTIES TO THE DECLARATION).

LONDON, JANUARY 5, 1943

His Majesty's Government in the United Kingdom have today joined with sixteen other Governments of the United Nations, and with the French National Committee, in making a formal Declaration of their determination to combat and defeat the plundering by the enemy Powers of the territories which have been overrun or brought under enemy control. The systematic spoliation of occupied or controlled territory has followed immediately upon each fresh aggression. This has taken every sort of form, from open looting to the most cunningly camouflaged financial penetration, and it has extended to every sort of property—from works of art to stocks of commodities, from bullion and bank-notes to stocks and shares in business and financial undertakings. But the object is always the same—to seize everything of value that can be put to the aggressors' profit and then to bring the whole economy of the subjugated countries under control so that they must slave to enrich and strengthen their oppressors.

It has always been foreseen that when the tide of battle began to turn against the Axis the campaign of plunder would be even further extended and accelerated, and that every effort would be made to stow away the stolen property in neutral countries and to persuade neutral citizens to act as fences or cloaks on behalf of the thieves.

There is evidence that this is now happening, under the pressure of events in Russia and North Africa, and that the ruthless and complete methods of plunder begun in Central Europe are now being extended on a vast and ever-increasing scale in the occupied territories of Western Europe.

His Majesty's Government agree with the Allied Governments and the French National Committee that it is important to leave no doubt whatsoever of their resolution not to accept or tolerate the misdeeds of their enemies in the field of property, however these may be cloaked, just as they have recently emphasised their determination to exact retribution from war criminals for their outrages against persons in the occupied territories. Accordingly they have made the following joint Declaration, and issued the appended explanatory memorandum on its meaning, scope and application:-

DECLARATION.

The Governments of the Union of South Africa; the United States of America; Australia; Belgium; Canada; China; the Czechoslovak Republic; the United Kingdom of Great Britain and Northern Ireland; Greece; India; Luxembourg; the Netherlands; New Zealand; Norway; Poland; the Union of Soviet Socialist Republics; Yugoslavia; and the French National Committee;

Hereby issue a formal warning to all concerned, and in particular to persons in neutral countries, that they intend to do their utmost to defeat

(Page 3 of Original)

the methods of dispossession practised by the Governments with which they are at war against the countries and peoples who have been so wantonly assaulted and despoiled.

Accordingly, the Governments making this Declaration and the French National Committee reserve all their rights to declare invalid any transfers of, or dealings with, property, rights and interests of any description whatsoever which are, or have been, situated in the territories which have come under the occupation or control, direct or indirect, of the Governments with which they are at war, or which belong, or have belonged, to persons (including juridical persons) resident in such territories. This warning applies whether such transfers or dealings have taken the form of open looting or plunder, or of transactions apparently legal in form, even when they purport to be voluntarily effected.

The Governments making this Declaration and the French National Committee solemnly record their solidarity in this matter.

London,
January 5, 1943.

NOTE ON THE MEANING, SCOPE AND APPLICATION OF THE INTER-ALLIED DECLARATION AGAINST ACTS OF DISPOSSESSION COMMITTED IN TERRITORIES UNDER ENEMY OCCUPATION OR CONTROL.

The Governments who have to-day issued this Declaration include all the Governments of the United Nations who have suffered the invasion of their national territory by brutal and rapacious enemies.

2. The Declaration is being communicated on behalf of all parties to the Governments of the other United Nations, with an invitation to consider marking their adherence to the principles embodied in the Declaration by some pronouncement of their own. The Declaration is

also being brought to the notice of neutral Governments. The parties to the Declaration are collaborating to arrange the maximum publicity for it, through the press and by broadcasting.

3. The Declaration is in the form of a general statement of the attitude of the participating Governments and of the French National Committee towards the acts of dispossession, of whatever nature, which have been, and are being increasingly, practised by the enemy Powers in the territories which they have occupied or brought under their control by their successive aggressions against the free peoples of the world. The Declaration makes it clear that it applies to transfers and dealings effected in territory under the indirect control of the enemy (such as the former "unoccupied zone" in France) just as much as it applies to such transactions in territory which is under his direct physical control.

4. In the Declaration the parties "reserve all their rights" to declare invalid transfers of or dealings with property, rights, &c., which have taken place during the period of enemy occupation or control of the territories in question. It is obviously impossible for a general declaration of this nature to define exactly the action which will require to be taken when victory has been won and the occupation or control of foreign territory by the enemy has been brought to an end. Dispossession has taken many forms and all will require consideration in the light of circumstances which may well vary from country to country. The wording of the Declaration, however, clearly covers all forms of looting to which the enemy has resorted.

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It applies, e.g., to the stealing or forced purchase of works of art just as much as to the theft or forced transfer of bearer bonds.

5. In so far as transfers or dealings are confined in their scope to the territory of a particular country, the procedure of examination and the decision reached regarding their invalidation will fall to be undertaken by the legitimate Government of the country concerned on its return. The Declaration marks, however, the solidarity in this important matter of all the participating Governments and of the French National Committee, and this means that they are mutually pledged to assist one another as may be required, and, in conformity with the principles of equity, to examine and if necessary to implement the invalidation of transfers or dealings with property, rights &c., which may extend across national frontiers and require action by two or more Governments.

6. The expression of solidarity between the parties also means that they are agreed so far as possible to follow in this matter similar lines of policy, without derogation to their national sovereignty and having regard

to the differences prevailing in the various countries. The parties making the Declaration have accordingly decided as a first step in this direction to establish a committee of experts, who will consider the scope and sufficiency of the existing legislation of the Allied countries concerned for the purpose of invalidating transfers or dealings of the nature indicated in the Declaration in all proper cases. The Committee have also been asked to receive and collect available information upon the methods adopted by the enemy Governments and their adherents to lay their hands upon property, rights &c., in the territories which they have occupied or brought under their control. When a report is available from this committee of experts the whole question will be reviewed by the Governments making the Declaration and the French National Committee. The other Governments of the United Nations will be informed of the results of this enquiry.

Wt.--1500 1/43 F.O.P. 24878 Gp. 340

CERTIFICATE

I, HILDE MAYER, AGO No. D-429874, hereby certify that the above is a true and correct copy of Document No. NI - 11378, the original of which is in the English language.

30 September 1947.

HILDE MAYER
U.S. Civilian, AGO D-429874

264 Reich Law Gazette, Year 1938, Part. I.

Decree restricting the establishment of business enterprises
and plants in the province of Austria.

Dated 19 March 1938.

By virtue of Article III of the law concerning the reunion of Austria with the German Reich, dated 13 March 1938 (Reich Law Gazette I p. 237) the following is decreed:

1.

For natural or legal persons who had their domicile or business establishment in the German Reich outside of Austria it is prohibited:

1. to establish new business enterprises or plants in the province of Austria;
2. to acquire business enterprises or plants located in the province of Austria, or to participate in such;
3. to transfer business enterprises or plants located in the German Reich, outside of Austria to Austria;
4. to establish subsidiaries, branch companies, plant installations, agencies and the like in Austria for business enterprises or plants located in the German Reich outside of Austria.

2.

The Reich Minister of Economics may grant special exceptions to the provisions of Par. 1. He may transfer the right to grant this approval to other offices. Fees or conditions may be attached to exceptional cases of approval.

3.

(1) Whoever contravenes provisions of this order or an imposition, or evades them, can be punished with a penalty by the Reich Minister of Economics. The penalty consists of a fine, the highest amount of which is unlimited. The fines will be recovered by the finance offices according to the provisions of the Reich Tax Regulation or according to regulations that have been or will be issued for its execution.

(2) On application of the Reich Minister of Economics he may be punished with imprisonment and a fine to an unlimited amount, or with one of these two punishments. The application for sentence may be withdrawn.

4.

The execution of the provisions of this decree may be enforced by the police power according to the laws of the country.

5.

- (1) This decree goes into effect on the date of its promulgation.
- (2) It expires on 1 October 1938.

Berlin, 19 March 1938.

The Reich Minister of Economics, Walther FUNK,
The Reich Minister of the Interior, for PFUNDNER.

TRANSLATION OF DOCUMENT No. NI-8041
CONTINUED

(page 1 of original, cont'd)

Foot note:

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CERTIFICATE OF TRANSLATION

17 June 1947

I, John B. ROBINSON, Civ. No. X-046 350, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of the document No. NI-8041.

John B. ROBINSON
Civ. No. X-046 350.

- 2 -
"END"

TRANSLATION OF DOCUMENT No. NI-6188
OFFICE OF CHIEF OF COUNSEL FOR WAR CRIMES

I.G. Berlin NW 7
Unter d. Linden 82

Direktor G. von SCHNITZLER
I.G. Farbenindustrie Aktiengesellschaft

Frankfurt a.M.
Gruesburgplatz

| | | | |
|-----------|-------------|---|---------------|
| Your sign | Your letter | Our sign | Date |
| | | Office of the commercial committee - Ga/Ed. | 25 March 1938 |

Re: Special meeting concerning Austria on 23 March 1938.

At the special meeting of the Commercial Committee on the 23 March, concerning Austria, those present received the enclosed essay of the Political Economy Department, Berlin NW 7:

"A compilation of the economical effects of the law pertaining to the reunion of Austria with the German Reich of the 13 March 1938 (key date 22 March 1938)."

For your information 1 copy of this essay is enclosed.

Office of the Commercial Committee

Signature

Enclosure.

POLITICAL ECONOMY DEPARTMENT

DATA

for

the Meeting of the Commercial Committee
on 23 March 1938.

A compilation of the economical effects of the Law pertaining to the reunion of Austria with the German Reich of 13 March 1938. (key date 22 March 1938).

The commercial and foreign exchange relations of the German Reich with Austria, and these relations of Austria with other countries during the end of February and beginning of March 1938.

Political Economy Department / 6

The commercial and foreign exchange relations of the German Reich with Austria, and these relations of Austria with other countries during the end of February and beginning of March 1938.

General measures pertaining to commercial policy.

There exists an extensive list of goods, which may not be imported (including in the chemical field: rayon, caustic soda, acetic acid, sodium sulphate, ammonium carbonate, potassium hydrate, ammonium sulphate, sodium hydrosulphite, calcium carbide, ethyl tetrachlorite and similar chlorinated hydrocarbons, tetrachloric carbon, glue, aromatics and cosmetics, lithopones, soap). The import of these goods is possible only under license. Concerning the special contingents for Germany - see "Policy/Commercial relations with Germany".

for

A. Policy for Commercial Relations:

1. With Germany:

Germany and Austria grant one another, in accordance with the Commercial Treaty of 12 April 1930, effective 2 February 1931, general most favored nation preference.

The treaty further contains tariff-agreements concerning a large number of goods, which were partly altered by additional agreements. We are interested in the following tariff-agreements:

for German goods in the Austrian tariff:

Cameras, moving picture projectors, collodion and "Cellof" unfinished, goods manufactured from turning and carving-materials, nitric acid, tartaric acid, lactic acid, sodium sulphide, sodium sulphate, potassium hydrate,

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"Leuna"-saltpetre for fertilizing purposes, potassium permanganate, potassium and sodium chlorate, sodium formate, potassium chrome alum, aluminum sulphate, zinc sulphate, liquid chloride, formaldehyde, paraformaldehyde, aniline oil, aniline salt, sodium pyrophosphate (acid)- for the manufacture of baking powder, synthetic tanning materials, aniline dyes, pure, containing no more than 30% filler, dyes - not separately mentioned (n. b. g.), varnishes and lacquers;

for Austrian goods in the German tariff:

candles, hydrogen peroxide, ferric silicium, ammonium molybdate, molybdic acid, zircon-dioxide and zircon silicate, synthetic resins in blocks or plates weighing 2 kilo each or more, ferrous chromium.

Period of notice: 3 months.

In the treaty concerning merchandise traffic, dated 27 January 1937, effective 1 February 1937, Germany is granted contract allotments, for the current year, for a number of goods the import of which is banned (including rayon and caustic soda). Concerning the obligations accepted by Germany with regard to the assignment of sufficient amounts of foreign exchange needed for the payment of Austrian goods - see clearing agreement with Germany / ratio for merchandise exchange.

2. With third countries:

With the following countries most favored nation agreements exist:

| | |
|---|---|
| Egypt | Greece |
| Albania | Great Britain |
| Argentina | Iran |
| Australia | Ireland |
| Belgium | Italy |
| Brazil | Japan |
| Erit. India | Yugoslavia |
| Bulgaria | Canada (Canada grants the rates of the intermediate tariff) |
| Denmark | Latvia |
| Estonia | Lithuania |
| Finland | New Zealand |
| France (France grants preference according to lists.) | Netherlands |

(Page 3 of original)

| | |
|-------------------------|-----------------------|
| Netherlands-East Indies | Spain |
| Norway | Union of South Africa |
| Poland | Czechoslovakia |
| Portugal | Turkey |
| Rumania | Hungaria |
| Sweden | U.S.A. |
| Switzerland | |

The following treaties contain tariff agreements, which also apply to German goods:

Belgium: amongst others to Belgian arms, superphosphates, soaps.

France: amongst others to French essential oils, aromatics and cosmetics, soaps; to Austrian hydrogen peroxide, cerium metal, ferrocerium and all the other alloys of metals and rare earths, and iron for flints.

Italy: amongst others to Italian sulphur oils, dye- and tanning-agent extracts, rayon yarns with other textile yarns, sulphur, boric acid, tartaric and citric acid, borax, hydrogen potassium tartrate, crude, citric lime, essential oils, candles, soaps, lime nitrogen; to Austrian carbonic acid, lacquers.
(Within the frame of an allotment system Italy, in the preference agreement of 14 May 1934, and in appended agreements, grants duty reductions for a considerable number of Austrian products - including chemicals, to which Germany is not entitled.)

Yugoslavia: amongst others to Yugoslav lime nitrogen; to Austrian candles, soaps, potassium ferro cyanide, sodium ferro cyanide, potassium permanganate, Potassium chromic alum, hydrogen peroxide, sodium and potassium silicate, carbonic acid, manufactured medicines, chromic dyes, pigment- and varnish-dyes, oil- and varnish lacquers, putties, photographic paper.

Poland: amongst others to Polish Ferro chromium, blue gas (Blaugas) Propene, Butane, ferro silicate; to Austrian carbonic acid, earth pigments, mixed with organic pigment, aluminium powder.

Rumania: amongst others to Austrian tartaric acid, red lead, white lead.

Sweden: amongst others to Swedish liquid resin (Tall-oil).

Switzerland: amongst others to Swiss rayon, braided texture for hats, cameras, potassium and sodium chlorate and -perchlorate, Turicol, glue, metaldehyde crude, bariumchlorate, pharmaceuticals, aniline dyes, pure, containing no more than 30% filler, varnishes

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and lacquers; to Austrian hydrogen peroxide, technically pure, for industrial use, waxes of all kinds, not separately mentioned (n.b.g.)

Spain: amongst others to Spanish synthetic ferric Oxide, various mineral dyes, such as lithopone.

Czechoslovakia: amongst others to Czech stearic acid, oleic acid, hydrofluoric acid, formic acid, potassic chloride, potassic permanganate, chloride of zinc, finishing materials, essential oils, synthetic aromatics, sulphuric zinc-white, lithopone, white graphite; to Austrian ferro silicate, hydrogen peroxide, nitric acid, calcined sodium, bicarbonate of potassium and soda (zirkone dioxide), sulphur dioxide, pharmaceuticals.

Hungary: amongst others to Hungarian sulphuric acid, to Austrian tartaric acid, hydrogen peroxide with a concentration up to 35 %, potassium chrome alum, sulphide of sodium, potassium nitrate, cyanides, (a.n.g.), sulphur dioxide, candles, Turkey-red-oil, pigment dyes, pharmaceuticals.

B. Regulations pertaining to foreign exchange and foreign exchange agreements.

General foreign exchange-regulations.

The control of foreign exchange matters has been relaxed. The sale of foreign exchange by the National Bank for the purpose of merchandise import now only takes place to a limited extent. After the granting of the permission to make payment, the importer has personally to provide foreign exchange out of export transactions, or in some cases by purchase on the exchange (private clearing rate). For this purpose the importer avails himself of the Mediating Office of the Wiener Giro- and Kassaverrein. The acquisition of foreign exchange and the payments to foreign countries and to foreigners is permissible only with the authorization of the Control Office of the National Bank. For the granting of such authorization no special instructions exist, but the protection of the domestic production and the limitation of the import

(Page 5 of original)

of luxury goods are taken into consideration. Payments to countries subject to foreign exchange regulations, with which no clearing agreement has been signed, are effected by way of compensation; acquiring foreign exchange credits for Austrian exports.

The exporters are obliged to offer the foreign exchange received for the exported goods to the above mentioned Mediating Office. The sale of foreign exchange to importers in need of it, is made by contract and under participation of the Mediating Office.

Clearing agreement with Germany.

Period of validity and notice of termination.

For the clearing with Germany the Government Clearing Agreement of 22 August 1936, effective since 28 October 1936, is authoritative. The period of validity is not limited. It can be cancelled at any time with one month's notice.

Scope.

Additional charges in connection with the import and export of goods, as well as wages paid for the processing of goods, are included in the agreement; excluded, however, are payments for insurance, ocean freights, as well as shipments in transit. For travelling expenses German commercial travellers may to a reasonable extent, upon granting of specific or general permission, collect claims which are subject to the agreement.

Payment for German goods.

Austrian debtors who have to pay Schillings according to the regulations of the German-Austrian agreement, must on the due date deposit the payable amounts to the special account of the German Clearing Office with the Austrian National Bank. If the invoicing was done in Reichsmark the conversion into Schillings must be made according to the last known official average price in Berlin.

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If it is made out in a third currency the equivalent is to be converted into Schillings at the time of payment at the last known official average price of this currency and the Schilling in Berlin.

Payment for Austrian Goods.

German debtors who have to make payments in Reichsmark according to the regulations of the agreement, must deposit the debit amounts when due to the "Sonderkonto" (special account) of the Oesterreichische Nationalbank at the German clearing office. If the invoice is not made out in R.M. it must be converted into R.M. at the last known official average price in Berlin. Losses caused by the rate of exchange and interest may later be paid through the usual channels, if there is an agreement between purchaser and supplier.

Forbidden Transactions.

Private clearings are permissible only in exceptional cases, and then only under the condition that only one firm in Germany and Austria respectively, importing and exporting within the framework of their own business, is engaged in the clearing. The creation of new blocked mark accounts, and the payment for German goods after exportation to Austria in blocked credit balances, is not permitted.

Ratio in the exchange of commodities.

In an unpublished trade agreement of 27 January 1937, effective since 1 February 1937, it is agreed for the duration of 1937, that Germany issues foreign currency certificates for the import of Austrian merchandises amounting to 80% of the import value of the various commodities for 1936. In excess of this, foreign currency certificates will be issued up to the total value of the 1936 imports and as far as possible the previous distribution of imports among the various groups of commodities will be taken into consideration. In addition

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Germany is obligated to issue foreign currency certificates, in excess of the import value of 1936, for certain commodities, specified in a confidential list and within the framework of the values designated therein. Effective 1 November 1937 the import-quota for Austrian goods was reduced by 40%. This reduction was lifted on 12 March 1938 at the request of the Austrian Government.

(page 7 of original, cont'd)

Clearing Level.

At the end of February the clearing balance still amounted to 60 Million Schillings.

By a clearing security law, passed on 28 February 1938, the registration by 14 March 1938, of the liabilities towards Germany, Poland and Hungary, existing on 27 February 1938 was made compulsory. The rate of exchange for the Reichsmark has been fixed at 200 Schillings for 100 Reichsmark.

Travel.

For travelling to Austria the maximum amount per person and calendar month has been fixed at 250,- R.M..

Payment arrangements with third countries.

Clearing arrangements were made with the following countries:

Bulgaria (merchandise traffic by means of private compensation), Greece (revision of the clearance agreement initiated), Italy, Yugoslavia (revision initiated, and completed in the meantime), Poland, Rumania (after notice of termination by Rumania at present temporary adjustment), Czechoslovakia, Turkey, Hungary, Lithuania (private compensation over official collective accounts).

In addition the following arrangements exist:

Argentina: Austrian exporters receive the proceeds from foreign exchange at the official, rather than at the far more unfavorable stock exchange rate,

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Colombia: Compulsory clearing for Austrian goods has been introduced since the end of 1936.

Denmark: At instigation of Danish importers increased currency allotment for Austrian goods.

Spain: Through the Austrian Institution for the Promotion of Exports a Foreign Trade Office for handling of consignment deals was opened in Burgos.

(page 8 of original, cont'd)

Level of clearing balance with third countries.

According to the report of the Oesterraeichische Nationalbank made at the stock holders meeting on 18 March 1938 the clearing assets of Austria with Germany, Hungary, Czechoslovakia, Greece, Turkey amounted to 115,9 Million Schillings at the end of 1937, with Bulgaria, Poland, Italy they amounted to 70 million Schillings at the end of 1937.

According to the estimates of the official "Wiener Zeitung" these claims against the following countries, on the given keydays amounted to:

| | | |
|----------------|---------------------|-------------------------|
| Bulgaria | middle of 1937 | 5 - 6 Million Schilling |
| Greece | end of 1937 | 11 " " |
| Italy | middle of 1937 | 35 " " |
| Poland | end of 1937 | 20 " " |
| Czechoslovakia | end of Jan. 1937 | 88,5 Million Kc |
| Turkey | end of 1937 | 18 " Schilling |
| Hungary | end of October 1937 | 20 " " |

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German Foreign Trade with Austria.
(based on official German statistics)

| | Imports from Austria | Exports to Austria | Balance |
|------|-------------------------|-----------------------|---------|
| | in Million RM | | |
| 1932 | 65,4 | 159,5 | 94,1 |
| 1933 | 57,6 | 120,7 | 63,1 |
| 1934 | 66,3 | 106,7 | 40,4 |
| 1935 | 71,1 | 107,9 | 36,8 |
| 1936 | 76,7 | 108,5 | 31,8 |
| 1937 | 93,3 | 122,7 | 29,4 |

Total volume of Austrian Trade during 1937.

| | | |
|---|--------------------------------------|---------|
| <u>Imports</u> (of these from Germany) | 1 453 Million Schilling 233,7 " " | = 16,1% |
| <u>Exports</u> (of these to Germany) | 1 316 " " 179,5 " " | = 14,7% |

TRANSLATION OF DOCUMENT No. XI-6188
CONTINUED

Measures to assimilate the economies of
the Land Austria to the economic system of the German Reich.

Situation on 22 March 1938.

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Director of the Oesterreichische Nationalbank, and the present manager of the Reichsbank Main Office at Stuttgart, Reichsbankdirektor Dr. Stephan SCHOTT. The Reichsbank has charged the Direktorium of the Oesterreichische Nationalbank with the liquidation of the Oesterreichische Nationalbank.

II. Adoption of Foreign Exchange Control.

Financial transfers
Reich - Austria.

The Reich Minister of Economics is authorized - by the decree for the introduction of the Reichsmark currency in Austria, of 17 March 1938 (Reich Law Gazette, Part I, page 253 par. 2) - to either change all existing restrictions applying to the payments system between the German Reich and Austria, or to abrogate them completely or partially. So far no change has been made; transactions with Austria are still being settled on the basis of the clearing agreement with Austria of 22 August 1936.

Travel between the Reich and Austria.

The exchange regulations in connection with travelling have not yet been set aside. Travel to German-Austria is still regulated on the basis of the travelling arrangement (Reiserverkehrsabkommen). Reichsmark notes may in no case be taken across the border, and for coins the maximum limit still remains at RM 10.-- (free limit).

Foreign Currency Control Office Vienna.

In accordance with the decree of 19 March 1937 (Reich Law

(page 12 of original)

Gesetze, Part. I, page 253) for the creation of the Foreign Currency Control Office Vienna, the Foreign Currency Control Office for Austria is being established in Vienna. The functions and powers of this Foreign Currency Control Office are determined by the Reich Minister of Economics.

Limitation of the Payments System with Foreign Countries.

By Article 3, par. 2 of the Federal Constitutional Law, concerning extraordinary measures within the scope of the constitution (Federal Law Gesetz, Part I, No. 255/1934) the Federal Government has decreed that the remittance and any other mode of conveying any domestic or foreign tender to foreign countries, also the transfer, the deposit, the acceptance and the crediting of such means of payment for benefit of a foreigner, as well as their delivery to a foreigner, may only be effected with written permission of the Oesterreichische Nationalbank, respectively its legal successor. Not subjected to such licensing are various payments within the country in favor of foreigners, if the payments do not exceed a certain amount and are to be spent within the country. This also applies to currency that may be taken out of the country, when travelling, up to the maximum amounts fixed by the Federal Financial Ministry.

Limitation of Trade in Precious Metals.

The shipping as well as any other means of conveying gold, silver, or platinum, in coined, raw, or semi-processed state, to foreign countries, also the transfer, the depositing, the acceptance and crediting of such metals for the benefit of a foreigner are only allowed with the written permission of the Oesterreichische Nationalbank.

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Restriction of Trade in Securities.

The trade in Foreign Securities, which are quoted on foreign exchanges to be designated by the federal minister of Finance, but not on the Vienna Stock Exchange, is permitted only with written consent of the "Oesterreichische Nationalbank". The export of domestic or foreign securities is permitted only with the consent of financial authorities. The transfer, deposit, acceptance and crediting of domestic or foreign Securities for the benefit of a foreign, are permitted only with written consent of the "Oesterreichische Nationalbank".

Restriction of foreign credits.

The granting of loans as well as of credits of every kind in domestic or foreign currency, the acceptance of loans as well as of credits of every kind in domestic currency from foreigners, and the acceptance of loans and credits of every kind in foreign currency within the country and abroad are permitted only with written consent of the "Oesterreichische Nationalbank". This regulation does not apply to the crediting of the purchasing price and of secondary expenses connected with merchandise transactions.

Preventive Measures against the flight of Capital.

The federal government has passed a law against the political flight of capital, under which limitations can be placed on withdrawals within domestic territory. To facilitate the execution of this law the federal minister for

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finances has issued a decree containing more specific regulations. Accordingly, as a matter of principle, withdrawals may be made only up to 3 000 per calendar week. Withdrawals of larger amounts are permitted only if the necessity is established. Savings deposits and accounts which are created after 13 March 1938, by cash deposits or out of the proceeds of the sale of foreign exchange, are not subject to any restriction whatsoever.

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The Vienna Stock Exchange.

The Vienna Stock Exchange is closed until further notice. Quotations for foreign currencies will be published daily.

Foreign Debts.

The problem of Austria's prewar and postwar foreign loans (Caissacommune, S.I.S., England, France, Switzerland, Holland, United States) is under discussion at present. It appears that an adjustment is being sought, which would be analogous to the one devised for the foreign loans of the Reich. On the basis of this state of affairs negotiations with the individual creditor nations will become necessary.

III. Assimilation of Commerce.

Contracts with third countries.

The Reich Government has directed the representations of the Reich in foreign countries that they are, in case of inquiry pertaining to Austria's commercial and financial arrangements, to inform the countries with whom they are accredited, that Germany will until further notice take the place of Austria in the trade and clearing

(Page 15 of original)

agreements which Austria concluded with these countries. Negotiations for the adjustment of the existing Austrian contracts to those in effect with Germany, will be taken up.

Regulation for procurement, distribution, utilization and storage of commodities.

By virtue of the decree governing the introduction of regulations in the value of merchandise traffic, dated 19 March, 1938, (Reich Law Gazette, part I, page 263), the following ordinances are introduced, as applicable for Austria:

- 1.) Ordinance Governing merchandise traffic, dated 4 Sept, 1934 (Reich Law Gazette I, page 816) in the version of the ordinance dated 28 June 1937 (Reich Law Gazette I, page 761).
- 2.) First directive for the execution of the decree governing merchandise traffic, dated 20 October 1937, (Reich Law Gazette I, page 1133)

(Page 15 of original cont'd)

- 3.) Ordinance governing the obligation regarding information, dated 13 July 1933 (Reich Law Gazette 1, page 723)
- 4.) Ordinance against bribery and betrayal of secrets on the part of non-official persons, dated 3 May 1917 (Reich Law Gazette 1, page 393) in the version of the ordinance of 12 Feb, 1920 (Reich Law Gazette 1, page 230)

Liaison Office Vienna.

On the basis of the decree governing the merchandise traffic, dated 4 September 1934, in connection with the foregoing ordinance of 19 March 1933, there will be established a liaison office for the supervisory offices. The duty of the liaison office is the supervision and the control of the merchandise traffic in the land Austria. The liaison office of the supervisory offices in Vienna is authorized to give information in the sense set forth by the ordinance governing the obligation regarding information.

(Page 15 of original)

These regulations furnish the legal basis for an adaptation of the merchandise traffic within the land Austria to the administrative economic measures in force within the German Reich territory. The jurisdiction of the German supervisory offices may thus be extended to Austrian territory, if necessity warrants it.

Prohibition of Exports.

The Austrian economic council for the lumber industry announces that the sale of lumber abroad is prohibited until further notice.

Prohibition of the Repatriation of new enterprises and vocations.

In order to avoid a dislocation of the Austrian economy through the emigration of Reich German business enterprises into Austria, the following limitations are provided by the decree governing the restriction on the establishment of industrial enterprises and plants in the land Austria, dated 19 March 1933 (Reich Law Gazette, part 1, page 264). This decree applies to individuals as well as to legal persons, who had their residence or their place of business in the German Reich outside of Austria prior to 13 March 1933.

1. To establish new industrial enterprises or plants in the land Austria,
2. To acquire industrial enterprises or plants existing in the land Austria or to participate in the same,
3. To shift industrial enterprises and plants located in the German Reich to Austria,
4. The creation in the land Austria of branch offices, subsidiary plants, work shops, agencies, or the like by industrial enterprises or plants already in existence in the German Reich outside of Austria.

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III. Assimilation of Duties.

Import Duties on Austrian Goods.

The existing import duties for the importation of Austrian goods into the German Reich territory may be wholly or partially abolished by the Reichsminister of finance in accordance with the decree governing the introduction of the Reichsmark currency in the Land Austria, dated 17 March, 1938, (Reich Law Gazette part I, page 253, par. 3). On the basis of a directive issued by the Fuehrer, the suspension of the import duties pertaining to Austrian goods is to go into effect in the very near future. The establishment of the rate of exchange causes an increase of approximately 33.3 % in the price of Austrian goods on the German market. This increase in price will act as an equalizer in the price levels of the two territories.

Import Duties on German Goods.

The removal of the Austrian import duties on goods originating in the other parts of the German Reich is likewise in preparation. It is left to the Austrian legislature in accord with the Reich Ministry of Economics, to gradually put through measures pertaining to this matter, in a manner safeguarding the interests of Austrian economy. According to the official viewpoint a previous agreement between the industrial and commercial circles of the Reich and of the Land Austria is essential in order to avoid disruptions.

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V. Extension of the Four-Year Plan to the Land
Austria.

Legal Basis.

On the basis of the decree governing the law of the Reunion of Austria with the German Reich, dated 16 March, 1938, (Reich Law Gazette, part I, page 250, par. 2) the plenipotentiary for the Four-Year Plan can impart authority to the Reich Commissioner of Austria, the plenipotentiary of the Four-Year Plan has, by decree of 19 March 1938 (Reich Law Gazette, Part I, Page 262), empowered the Reichsminister of Economics to take all measures within his sphere of activity regarding the control of raw materials and of foreign exchange, which are mandatory for the preparation of the Four-Year Plan in the Land Austria. The Plenipotentiary of the Four-Year Plan has advised the Reich Governor of the Land Austria, that full application and development of all powers is essential in the exploitation of the mineral resources of Austria.

Projects.

Among the great projects which have been planned within the frame of the Four-Year Plan, there are mentioned: The building of arterial high ways, completion of the Austrian road system, the extraction of the mineral resources of Austria, the exploitation of the existing considerable water-powers, and soil improvement.

Immediate Program.

In order to relieve the unemployment in Austria as soon as possible, an immediate program which is to comprise the building of roads and bridges, hydraulic and elevated structures, the laying of water pipes, and the rehabilitation of the soil, is to be undertaken.

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Special Orders.

At the conferences of the Austrian Industrialists League (Industriellenbund) in Vienna it was announced that German enterprises had the intention of placing orders amounting to more than 100 Million Reichsmark with the German-Austrian industry, primarily orders for building materials.

VI. Assimilation of the organization of the professional enterprises.

The plenipotentiary of the Fuehrer in charge of the plebiscite in German-Austria has ordered among other things in a decree dated 15 March 1938, that the activities of the professional organizations⁴⁶ to names, insofar as they do not concern themselves with the fulfillment of tasks deemed vitally essential to the state, and with the fulfillment of social obligations to their members. The organizational and economic union of the Austrian industry with the industry of the German Reich will accordingly take place, after the date of the plebiscite, in keeping with a general policy which will be announced in due time. The Reich Group Industry (Reichsgruppe Industrie) points out emphatically, that direct negotiations between groups of the Reich Group Industry and the Austrian professional organizations (Industriefachverbände), above all, however, all individual actions, are considered undesirable at the present time, and hence are to be dispensed with. Problems which demand urgent interpretation are to be submitted to the Reich Group Industry.

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In connection with II. adaption of foreign exchange control
Financial transfers Reich - Austria (page 11):

Execution of accounting on the
basis of the new rate of
exchange.

The German exchange clearing office announces that the old parity of exchange pertains to amounts that have been paid into the German clearing office up to, and including 17 March of this year. In particular, the items amounting

TRANSLATION OF DOCUMENT No. NI-5188
CONTINUED

(page 20 of original, cont'd)

to approximately 30 Million Reichsmark, contained in the German debit balance, will be paid in German-Austria at the old rate of exchange. As has already been announced, measures have been taken for an immediate payment of these amounts in German-Austria.

Accounts which have been paid to the German clearing office on 18 March of this year, and later, will be computed at the new rate of exchange. In this connection it is immaterial whether the transaction on which the payment is based, was concluded before or after 17 March, and whether the foreign exchange certificate, which was presented at the time of payment, as per usage, and which is still to be presented for the time being, was granted before or after 17 March.

The shaping of prices on
the other markets.

The authorities deem it important that an understanding between the Austrian firms and those of the Reich be achieved with respect to the shaping up of prices in export to other countries. Price competition is to be avoided under all conditions. In order to clarify this question the authorities request information from the I.G. sphere of interests regarding the situation in principle, and also actual cases.

CERTIFICATE OF TRANSLATION

16 June 1947

I, Hanne GLEICHMAN, Civ. No. A-443029, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of document No. NI-5188.

Hanne GLEICHMAN
Civ. No. A-443029

1

TRANSLATION OF DOCUMENT No. NI-4024
OFFICE OF CHIEF OF COUNSEL FOR WAR
CRIMES

C O P Y.

I.G. Farbenindustrie A.G.

Berlin NW 7, 9 April 1938
Unter den Linden 82..

To the
Office of the Sixth Secretary K e p p l e r,

Vienna
Belvedereplatz.

Kc/Uhl

New order of the Chemical Big Industry in Austria.

In the Austrian chemical big industry, two firms take by far the lead with respect to both volume and importance of their production, the Carbide-works Deutsch-Watrol A.G. which belongs to the syndicate of Dynamit Nobel A.G., Troisdorf, and the powder plant Pulverfabrik Skoda-Werke-Watrol A.G. in which the Oesterreichische Kreditanstalt has a controlling interest.

Carbide-works Deutsch-Watrol A.G. disposes of the following plants or associated companies in Austria:

1. Carbide-works Deutsch-Watrol A.G.
Capital: S (Austrian shillings) 2,800,000
Plants: Deutsch-Watrol (on the Brenner)
Bruckl (Carinthia)
Products: Chlorine, Alkaline-Electrolysis and
Derivatives thereof.

TRANSLATION OF DOCUMENT No. WI-4024
Cont'd

2. Continental Gesellschaft fuer angewandte Elektrizitaet
(Continental Company for applied electricity)
Capital: Swiss Franks 2,400,000
Plants: Landeck and Viesberg (power station) on
the Arlberg
Products: Calcium carbide and ferrosilicon.
3. Oesterreichische Kunstduenger-Schwefelsaure-und
Chemische Fabrik A.G.
(Austrian Fertilizer-Sulfuric acid and Chemical Plant)
Capital: S 1,200,000

(Page 2 of the original)

Plant: Deutsch Wagram (Lower Austria)
Products: Superphosphate and Sulfuric Acid.

The Skoda-Works dispose the following plants or
associated concerns:

1. Pulverfabrik (powder plant) Skodawerke-Wetzlar A.G.
Capital: S 7,000,000
Plant: Moosbierbaum-Heiligeneich near Tulln
(Lower Austria)
Products: Inorganic acids, Heavy Chemicals, Nitrogen
Products, and Superphosphate.
2. Chemische Fabrik Wessensau, Seydel & Co. A.G.
Capital: S 1,000,000
Plant: Liesing (Lower Austria)
Products: Inorganic acids and Heavy Chemicals.

In addition, the Skodawerke-Wetzlar have the management
of the State-owned power plant in Blance.

In view of the fact that in a small country such as
Austria the possibilities of development of a chemical industry
are limited, the said Austrian firms have at all times looked
on I.G. Farbenindustrie Aktiengesellschaft as was expressed by
the numerous agreements and conventions, as well as by the
establishment of a joint sales organization "Anilinchemie A.G.",
Vienna. Thus Anilinchemie A.G. sells a large portion of chemical
products of Deutsch-Wetzlar and Skodawerke-Wetzlar and also acts
as agency of I.G. Farbenindustrie Aktiengesellschaft for the
latter's chemicals in Austria and is entrusted with the super-
vision of the businessline in Southeastern Europe.

Following the coordination of sales interests already
achieved in the Anilinchemie, in the past year the I.G. has
seized in agreement with the competent Reich offices, the
initiative for further standardization of both sales and produc-
tion.

In February 1938, following lengthy negotiations with
the Austrian partners (Deutsch-Wetzlar and Skodawerke-Wetzlar
A.G.) a plan was drawn up providing for the merger

(Page 3 of the original)

of Carbidewerk Deutsch-Witvei and Skodawerke-Wetzlar A.G. under the auspices and possible simultaneous participation of I.G. Farbenindustrie Aktiengesellschaft into the "Ostmark-Chemie A.G.". The sales interests of the partner firms were to be coordinated in the future by a new "Ostmark" Chemikalien Handel A.G..

In view of the reincorporation of Austria these negotiations were at first interrupted on the one hand as a result of the fact that the controlling parties participating on the Austrian side in these negotiations were not Aryan and, on the other hand, pursuant to the decree of 19 March 1938, imposing restrictions on the establishment of commercial and industrial enterprises in Austria (R.G. I, p.264).

It is, however, very urgent to bring said negotiations to a speedy conclusion.

- a) The leading officials - it is true - have been in the meantime replaced by Aryans. The equally necessary reorganization of personnel in subordinate positions can be completed appropriately and with a long-range view only when a clear picture of the future situation exists.
- b) Under the tariff protection enforced in Austria hitherto, various types of production have been adopted which following the removal of the tariff barriers between Austria and the old Reich, can hardly be maintained in the interest of the German-Austrian industrial consumers. In order, however, to keep the Austrian chemical industry going, it will be necessary, as speedily as possible, to shift, whenever required, certain types of production from the old Reich to German-Austria and vice-versa.
- c) The groundwork should be laid immediately to prepare assignments to be carried out by the chemical big industry of Austria within the framework of the Four Year Plan.

(Page 4 of the original)

We, therefore, request that we be authorized to liquidate Anilinchemie A.G. and establish "Ostmark" Chemikalien Handel A.G. and

to continue our negotiations to prepare the acquisition of a controlling interest in the Skodawerke-Wetzlar A.G./ and/or to merge Carbidewerk Deutsch-Witvei A.G. with the Skodawerke-Wetzlar A.G.

We shall keep the competent authorities informed about the progress made in these activities and we shall, of course,

TRANSLATION OF DOCUMENT No. NI-4024
Cont'd

resubmit for approval individual decisions whenever required
on the strength of existing regulations.

H e i l H i t l e r !

I. G. F. R E S E M I N D U S T R I E N G E S E L L S C H A F T

(a) H A E F L I G E R (a) K R U E G E R

E N D

CERTIFICATE OF TRANSLATION

I, Dr. HORN, Civ. 20004, hereby certify that I am thoroughly
conversant with the English and German languages; and that the
above is a true and correct translation of Document No. NI-3981.

9 April 1947.

Dr. HORN,
Civ. 20004.

Military Economy Inspection XVII
(Wirtschafts-Inspektion XVII)

Vienna, 12 April 39

ZM/In letter No. /39

Secret

Memorandum

Subject: Plans for hydrogenation and nitrogen plant of I.G. Farbenindustrie in Austria.

communicated by Dr. H. S u t e f i s c h, Deputy
Vorstand member of I.G. Farbenindustrie, Leoben, and
Director S e k i l l e r of Anilinwerke, I.G.,
Vienna, at conference at W J n XVII (Dr. (3)
F r e t z d o r f).

Dr. S u t e f i s c h at present wants only general
information about a possible location for the above mentioned
plants. According to information so far received by W J n, the
following possibilities exist:

- 1) Surroundings of Vienna:
 - a) Petroleum: deposits near Zistersdorf (north of Vienna) and utilization of so-called petroleum (Danube imports).
 - b) Coal: Eullin valley, west of Vienna.
- 2) Coal: Near Koflach, west of Graz.
- 3) Coal: Environs of Wolfsegg (Traun valley) southeast of Linz.

Up to the present Dr. S. has visited the wells near Zistersdorf. He intends to go to the districts mentioned under 2) and 3).

From a military angle, only the neighborhood of Wolfsegg (Traun valley) can be considered. In this connection the possibility of utilizing the water power will also play an important part.

I.G. Farbenindustrie will keep W J n XVII informed as to the progress of the planning.

Distribution:

Branch office of W Stb in Vienna.
W Stb, W VI
Ltv.

by order:

(No)(Signature)
Leissner
handwritten note: 19 April 39
12 22 April

II R

14 April 1939 2352/39

Reference 1 & 10 (d) W Stb W VI (III) (Page 2 of Original)
No. 2352/39 g.

SECRET

Start: W Stb - No I
23 April 1939
Reference
No. 1206/39 g Enclosures:

TRANSLATION OF DOCUMENT NO. NI - 7133
OFFICE OF CHIEF OF COUNSEL FOR THE CRIMES
(continued)

U.S.:

To

W Ro

Please note.

By order:
(Signature) illegible

CERTIFICATE OF TRANSLATION

I, NONA A. LACLOD, WEP 34387, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of the Document No. NI - 7133.

14 August 1947

NONA A. LACLOD
WEP 34387

TRANSLATION OF DOCUMENT NO. VI - 7398
OFFICE OF CHIEF OF COUNSEL FOR WAR CRIMES

Translator's note: Stamp: see above

Powder Plant Skodawerke - Wetzlar A.G.
General Manager's Office

Vienna I
Kantgasse 1
5 January 1938

Dear Herr Hofrat:

I take the liberty of enclosing a copy of the letter I sent today to Director Dr. Buhl and am with my best regards

Yours very truly,
(signature) Pollak

To:
Hofrat Professor Dr. Franz REINHOLD, Esq.
Vienna I, Schottengasse 6.
Enclosure.

(Page 2 of Original)

5 January 1938

Dear Herr Director:

In accordance with our agreement I take the liberty of sending you the following on the result of my conferences with Generaldirektor Johan:

We discussed the whole matter very thoroughly and have paid special attention to all arguments which you advanced. The advantages which would result for us from collaboration with I.G. Farbenindustrie were considered by all of us to be a valuable asset.

For reasons over which we have no control it is not possible for us to depart from our standpoint that it is absolutely essential for the Creditanstalt to keep 51 % of the shares (ac. of Skodawerke-Wetzlar) in its strict control. On principle, however, we are prepared to give you in the form of an agreement those guarantees which you would be justified in claiming for the protection of your industrial interests. We have, for the rest, still the firm intention to settle the affair in the way explained to you here by Generaldirektor Johan and by myself.

We are sorry that we cannot explain in more detail in an ordinary letter how much all of us appreciate your efforts in this connection, and how hard we are all trying to attain the consummation of the project concerned. But in spite of the best intentions Creditanstalt cannot make any further concessions in the matter of control.

(Page 3 of original)

I hope, dear Herr Ministerialrat, that you will be able to accommodate yourself to the standpoint of Creditanstalt and I am with my best regards

Yours very truly,

To:
Dr. Bernhard B u n l , Esq.
Ministerialrat (retired)
Vorstand member of I.G. Farbenindustrie A.G.
Frankfurt/Main

CERTIFICATE OF TRANSLATION

I, Mona A.M. Macleod, MEP 34337, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of the Document No. WI - 7338

14 August 1947

Mona A.M. Macleod
MEP 34337

(Translator's note:) stamp: Concerns stock
Handwritten note: Powder plant Steudawerke

Intendant (retired) Dr. Buhl
Vorstand member of I.G. Farben-
Industrie
Aktiengesellschaft

Frankfurt (Main) 20 Jan-
uary 1938
Business address:
Gruenburger Platz
Telephone:
Local: 200 27
Long Distance 200 28
Private address:
Windmühlstrasse 13a
Telephone 344 06

To
General Director Felbeck
Steudawerke Fabrik A.G.

Vienna
Karlplatz 1

Dear Herr Generaldirektor,

Will you please accept my most sincere thanks for your kind letter of 8 January. I must apologize for the fact that reported stamp on this prevented us from replying to it before.

For reasons which I explained at our last discus-
sion in Vienna, it is extraordinarily difficult for Farben
to give up its plan thereby, although the majority of the
new Konzern company is not in Farben's own hands, a small
amount of stock is neutralized for the purpose of ensuring
at least that the business management does not run counter
to Farben's interests. Nevertheless, I would not consider
it impossible that in the way suggested by you - namely,
contractual guarantees and an Austrian majority, we might
obtain results satisfactory to both parties. Without
binding myself completely as to details, I may indicate the
points for the decision of which we must specify in the
charter of the company a majority which will prevent Farben
from being outvoted. I refer in this connection to the
Konzern and not just to the firm of I.G. Farbenindustrie.
These points are in particular the following:

- 1) All changes in the charter of the company
- 2) Settlement of the annual balance and distribution
of the net profit
- 3) Appointment and discharge of members of the Verwaltungsrat and of the Vorstand
- 4) Issue of bonds
- 5) Acquisition of stock
- 6) Start of new productions
- 7) Acquisition or sale of patents and process licenses
- 8) Extension of the sale beyond the present local
property and changes in the organization of the sale.

TRANSLATION OF DOCUMENT NO. NI- 7394
OFFICE OF CHIEF OF COUNSEL FOR WAR CRIMES
(continued)

(Page 2 of original)

I request you kindly to consider these ideas and to let us know if you think that we can get along in this way. In that case I am ready to visit you again in a few weeks, probably with Dr. Krueger, to discuss the further procedure with you and Generaldirektor Phillips.

With Best regards,

Yours very truly:
(signature) E. Suhl

CERTIFICATE OF TRANSLATION

I, Mona A. L. Schleid, EP 34387, hereby certify that I am thoroughly conversant with the English and German languages, and that the above is a true and correct translation of the Document No. NI - 7394.

15 August 1947

Mona A.L. Schleid
EP 34387

File copy
Oesterreichische Creditanstalt
Wiener Bankverein

Please refer to in your answer: Vienna, 29 January 1938
Our reference: I, Schottengrass 6
Management: Sekr. Sch.

To
Paul Pereszonyi, Editor,

Vienna II
Starnockplatz 11

Your reference:
Subject: Skoda Werke Metzlcr A.G.

We received your letter of 25 inst., thank you for your reports, which we have noticed, and inform you in reply to your inquiry that the gentlemen of our Vorstand have the final word in checking the information which you mention.

Yours very truly,
OESTERREICHISCHE CREDITANSTALT
WIENER BANKVEREIN
(signatures) illegible

(Page 2 of original)

25 January 1938

Translator's note: stamp: entered
cbp L 13/38

Powder Plant Skoda Werke-Metzlcr A.G.

By order of Refrat Director Dr. Rottenberg I called on Editor Pereszonyi (W 48-5-50) today to tell him the following: Creditanstalt knows that he reported to various newspapers that Creditanstalt is engaged in negotiations with I.G. Farben regarding the sale of Skoda-Metzlcr and even gave a stock quotation. These reports have no relation to the facts because no negotiations have taken place with regard to a sale. Herr Pereszonyi should therefore stop pressing on these reports and cancel those already given, as he could otherwise be made liable for any loss which might occur. Herr Pereszonyi agreed to do so.

(initial) Dr. F.
(Dr. Fried)

(Page 3 of original)

STATISTISCHE TAGESBERICHTE
(Statistical Daily Reports)

Owner, publisher and editor Paul Pereszonyi, Vienna II,
Starnockplatz 11

Telephone W 48-530 Postal checking account No. B 151 199
Translator's note: Handwritten note: powder plant Skoda-
werke Metzlcr
Stamp: entered 3 illegible initials 16/38

(Continued)

Vienna, 25 January 1935

To
Management of Oesterreichische Creditanstalt-Honor Bankverein
Vienna I

Your Dr. Fried told me this afternoon that the report which appeared in my Correspondence on alleged negotiations between E.G. Farben and Schenck-Löbbecke does not correspond with the facts. I did everything in my power to prevent this report from appearing in print, and I shall publish your denial in tomorrow's edition of the Correspondence.

I am sorry for having been misled by an otherwise always very reliable source. I would not have published this information if the gentleman in question had not expressly told me that he had confirmed the report insofar as he had discussed it with an official of the bank.

In future I shall first submit all information to you and for this reason I request you kindly to inform me who is competent to decide in this respect.

Yours very truly,
(signature) Paul Pereszlenyi

(Translator's note:) starts:

SECRET
Processed
on 25 January
by Sch

(page 4 of original)

S I 5

STATISTISCHE - TAGES - BERICHTE
(Statistical Daily Reports)

| | | |
|---|--|---|
| Editor's Office and Administration Vienna II, Sternwartplatz 11 Telephones: R 45-5-20 Postal checking account No. 2 151199 | Owner, publisher editor Paul Pereszlenyi | Printed by the owner Sent to editor's office as manuscript Subscription per month 10 sh |
|---|--|---|

Published every week-day

Second year of
publication No. 51 26 January 1935 Wednesday

(Page 6 of original)

No negotiations between I.G. Farben and Skoda-Wetzlar

Concerning the report that I.G. Farben had engaged in negotiations with Skoda-Wetzlar with regard to a participation in the latter the management of the Creditanstalt-Viener Bankverein informs us that such negotiations have not taken place and that therefore all combinations in this connection are immaterial.

CERTIFICATE OF TRANSLATION

I, Mona A.M. Macleod, NEP 34397, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of the Document No. MI - 7392.

15 August 1947

Mona A.M. Macleod
NEP 34397

Prüferfabrik Skoda-Verke-Wetzlar A.G.
Generaldirektion

Vienna I, Kantgasse 1
1 February 1938

Dear Sekret:

I enclose the draft of a letter to Ministerialrat
Sukl. Please let me know whether you agree with the wording.

I am,
With best regards,

Yours very truly,

Polla

To:
Edmund Professor Dr. Franz KOTTREBBA, Esq.,
Director of Oesterreichische Creditanstalt-böhmischer Bankverein,
Vienna I, Schottengasse 6.

1 Enclosure

Certified true copy:

CREDITANSTALT-BÄHMEISCHER
BANKVEREIN

(signature) illegible

(page 2 of original)

COPIES

23221

Dear Ministerialrat:

This is to acknowledge your letter of 20 January 1938,
from which I was pleased to see that you think it possible
to carry through the combination under discussion by means
of contractual safeguards even though Kreditanstalt remains
in possession of a definite majority.

I submitted the information you gave me to Kreditan-
stalt and from the discussions I gained the impression that
it will certainly be possible to come to an agreement on the
questions you have raised if we can discuss them with you
verbally at a conference. There will then be no difficulty
in solving some of the points listed in your letter in the
way you have in mind, whilst others will have to be modified
to a certain extent, especially as your intentions are not clearly
shown in all of them.

I consider it expedient therefore, to suggest a further verbal discussion, which, I assume, will bring us closer to our goal, as we all envisage loyal and harmonious cooperation in the interest of our plans. We shall be glad to put ourselves at your disposal for further discussions and request you to inform us of your arrival in due course.

With my best regards, I am,

Yours very truly,

Certified true copy:

DAVID WASTALD-RANKIN
SECRETARIAT

(signature) illegible

I, Mona A.M. McLeod, IEP 38347, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of the Document No. NI-7389.

3 September 1947

Mona A.M. McLeod
IEP 38347

AFFIDAVIT.

I, Dr. Max LEGER, after having been duly warned that false statements on my part render me liable to punishment, hereby declare the following under oath, voluntarily and under no duress:

I have known Dr. Hermann NEUBACHER since the year 1930, when I made his acquaintance in his capacity of Head of a co-operative society which was closely connected with the Austrian social-democrat trade unions. I heard of his name when Stor having served a sentence for illegal national-socialist activities in Austria he came to Germany, and CLAUDIUS of the Foreign Office and/or WILHELMY of the Central European Economic Association suggested his name during my absence (South America) to my Deputy for employment at my office Berlin N.W. 7. After my return to Berlin I granted this request, and NEUBACHER worked with Berlin N.W. 7, and the plan was that he should at first undergo a training period with the different departments of N.W. 7, the B.D.F. and the Vord (Economic Operations), in order to work later on in connection with the I.G. business in South-East Europe. I remember that during a lunch of the International Chamber of Commerce in Berlin in 1937 he asked me to tell the former Austrian Federal Chancellor SEFRWITZ who was then in the office of SEISS ENGLER, whose name I heard for the first time on that occasion, had been in Berlin. Immediately after the German troops had marched into Austria, NEUBACHER was appointed Mayor of Vienna by GOEBBELS. Then shortly afterwards I stayed in Vienna in the course of negotiations pertaining to the acquisition of the shares of the Deutsche Bank and to the organization of the Donau-Chemie A.G., NEUBACHER helped me by seeing to it that SEFRWITZ was very considerate. In this way he did not only help me, but also the other members of the I.G. who were in Austria for that purpose. Later on during the war he was appointed Ambassador in South-East Europe, and his attitude towards the I.G. was always friendly. He kept in touch with the I.G. agencies in South-East Europe regarding matters that could be of interest to the I.G.

(page 2 of original)

There was no difference between the legal responsibility of the deputy and the regular members of the Vorstand. There existed a difference as regards activities and salary. The Central Committee of the Vorstand can be considered as the nucleus of the Vorstand and it was a fact that the Central Committee had a special responsibility in matters of decisive importance, discussed many problems by themselves, and only submitted

TRANSLATION OF DOCUMENT No. SI-8849
CONTINUED

(page 2 of original, cont'd)

them later on to the Vorstand for approval. On the whole one can say that the Vorstand including the Central Committee was the leading and responsible body of the I.G. Farben-Industrie.

I have carefully read each of the two pages of the affidavit and signed it personally, I have made the necessary corrections in my own handwriting and signed them with my initials. I herewith declare under oath that this statement contains the pure truth to the best of my knowledge and belief.

Signature: Dr. Max LIGER
signature

Sworn to and signed before me this 30th day of April 1949, at Kuesenhorst, Germany, by Dr. Max LIGER, known to me to be the person making the above affidavit.

Signature: Otto YERAGE
Otto YERAGE U.S. Civ. No. 44-386
Office of Chief of Counsel for
War Criminals U.S. War Department

CERTIFICATE OF TRANSLATION

14 June 1947

I, Julia KERR, Civ. No. Military Permit 030099, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of document No. SI-8849.

Julia KERR
Civ. No. Military Permit 030099

AFFIDAVIT

I, Dr. Helmut NOACK, Wiesbaden, BierstraÙer Hohe, Richard-Wagner-
strasse 3, after having been duly warned that I make myself liable
to punishment if I make a false affidavit, hereby state under oath
voluntarily and without coercion:

By virtue of my employment at the enterprise I.G.-Farben, Industriewerke AG,
Berlin N.W. 7 from 1 May 1937 to August 1939, I am in a position to
make the following statements:

1. NEUBACHER (later the first Nazi-Burgmeister of Vienna) was installed
at I.G. Farben Berlin N.W. 7 through the intercession of Harry
GLODUS of the Foreign Office. GLODUS, whose ambition was to bring
about the tariff union with Austria, had espoused NEUBACHER's cause
after he had first been arrested and then forced to leave Austria, as
a result of the Nazi-putsch of 25 July 1934. His job at the I.G.
was to work out his plan of economic seizure and penetration of the
Balkans from Vienna which was to be incorporated. I.G. Farben was
to furnish him with the material basis for this plan and to take
part in carrying out the plan. This line of the German foreign
policy was in harmony with Dr. HONER's own interests in the Balkans,
which also then found its expression in the fact that later Dr.
HONER was appointed chairman of the Committee for Southeast Europe
of the Reichsgruppe Industry. The prominent membership of HONER
and of I.G. Farben in the Central European Economic Conference is
part of this pattern. GUMHART, the officer of the Luftwaffe, was given
leave from the Wehrmacht for the purpose of accepting the post as
business director of the Central European Economic Conference.
HONER's Southeast projects, as, for instance, the cultivation
of soy beans, were parts of this plan. I also know that in 1938
HONER together with Dr. LOOSCHER visited the Landesgruppenleiter
of the NSDAP Yugoslavia (who later became Chief of the Civil
Administration of occupied Serbia) in this connection and were on
very good terms with him.

(signature) NOACK

(page 2 of original)

2. The relatively great importance of Erich v.d. HEER within the
organization of I.G. Farben, Berlin N.W. 7 goes back to the time
of the occupation of Austria and of Czechoslovakia. At that time I
heard that v.d. HEER filled an important liaison function in
connection with the acquisition of Austrian and Czech chemical
enterprises. He was in a position to do that at that time, since
he as an SS-man had connections with CHELDORF in the Ministry
of Economics, whose help in these questions was important. In this
connection it should also be mentioned that Dr. GATTINEU was sent
to Austria at this point, since Guenther SCHILLER did not have the
necessary and for these purposes essential Nazi connections. In spite
of the "accident" of 30 June 1934, Dr. GATTINEU was reestablished in
the eyes of the Party.

TRANSLATION OF DOCUMENT No. NI-10421
CONTINUED

(page 2 of original, cont.d.)

I have carefully read through each of the two pages of this statement under oath and have personally countersigned them, have made the necessary corrections in my own handwriting and countersigned them with my initials, and herewith declare under oath that I have told the whole truth in this statement according to my best knowledge and conscience.

Dr. Holmut NUCK

signature,

Sworn to and signed before me this 21st day of August 1947 at Saarberg, Germany, by Dr. Holmut NUCK, widower, married to Hebe, Richard Wachenreiss 3, known to me to be the person making the above affidavit.

Otto VEBER

Otto VEBER

U.S. Civilian, AGO No. A- 46385
Office of Chief of Counsel for War
Crimes U.S. War Department.

CERTIFICATE OF TRANSLATION

14 September 1947

I, Elisabeth JOHNSON, Civ., B 397941, hereby certify that I am a duly appointed translator for the German and English languages and that the above is a true and correct translation of document No. NI-10421.

Elisabeth JOHNSON

Civ. B 397941

Visit to Dr. Engineer Hermann NEUBACHER, Mayor of Vienna

I beg to thank you, dear Dr. HIGNER, and your employees for the kind wishes you conveyed to me and assure you that I shall always feel myself bound by I.G. comradeship. I am looking forward with pleasure to seeing you soon again at the I.G. House in Berlin NW 7.

Yours,

NEUBACHER

Certainly many, let us say, most, of us I.G. people did not know that Brandenburger Dr. Engineer Hermann NEUBACHER, Mayor of Vienna, "moved" directly from his office chair in the I.G. at Berlin NW 7 to the desk of the highest official of the new German city Vienna. He had been one of our many I.G. comrades before the crowning of the eternal German dream, the realization of a definite return of Austria to the German Reich which led him into the City Hall of Vienna.

We may now disclose this secret in our factory gazette without any scruples. For many months Dr. NEUBACHER was available at I.G., Berlin NW 7 as a specialist on economic problems of Eastern Europe and was used there for the examination and execution of certain measures which had proved necessary in the course of the economic developments. As a loyal co-worker who was liked by all for his charming personality, he was on the staff of the central business office at Berlin, and filled the position assigned to him just as we all do. From there he could see the Brandenburger Tor and the street "Unter den Linden" through the window, where he repeatedly witnessed historical events in the capital of the German Reich. We can easily imagine with what feeling in his heart he may have compared the prosperity of Berlin with decline of Vienna that was only too familiar to him.

.....
(Signature) MARIO PASSARDE
I.G. Berlin NW 7

CERTIFICATE OF TRANSLATION

I, DOROTHEA L. GALEWSKI, M.P. NO. 34079, hereby certify that I am thoroughly conversant with the English and German languages; and that the above is a true and correct translation of Document No. NI-1135.

DOROTHEA L. GALEWSKI
M.P. NO. 34079

END

TRANSLATION OF DOCUMENT NO. NI-11090
OFFICE OF CHIEF OF COUNSEL FOR WAR CRIMES

A F F I D A V I T

I, Walter RAPELBERGER, born on 4 August 1899, after having first been warned that I will be liable for punishment for making a false statement, state herewith under oath, of my own free will and without coercion, the following:

About the time in Austria immediately after the Anschluss I can say the following from my own personal knowledge:

- 1) From 1933 on I myself was registered as a member of the Nazi-party in Austria. As such I was arrested in Austria and kept for about a year, from the summer of 1935 until the summer of 1936, in custody pending investigation. On being set free through the amnesty in 1936, I crossed the border secretly into Germany and applied in Berlin to the Austrian Refugee Relief Organization. Soon after this I found an occupation with the Control Office for Iron and Steel which was subordinated to the Reich Ministry of Economics, and which had to control production together with 30 other control offices. In connection with the Refugee Relief Organization I made the acquaintance of other Austrian National Socialists as well, or else renewed my acquaintance with them if I had known them before. Dr. Georg Bilgeri was one of these.
- 2) Hermann Neubacher also belonged to the Austrian refugees. I had already made his acquaintance in Austria in connection with the so-called Rheintaler action. Neubacher was under arrest in Austria as a Nazi, but later he was able to go to Berlin and found a situation with the I.G. Farbenindustrie. Immediately after the Anschluss Seyss-Inquart, who was Reichsstatthalter in Austria, appointed him Mayor of Vienna. Whether Seyss-Inquart himself was the driving force in this appointment, or whether it was perhaps Goering himself who was responsible, I cannot say from my own knowledge. I think, though, it was Seyss-Inquart. Neubacher now took steps in his turn and procured me an appointment at once in Vienna. Officially my appointment stemmed from Seyss-Inquart; but I know that Neubacher was at the back of it. I had met Neubacher repeatedly in Berlin and enjoyed his esteem.

I now saw to it that Bilgeri, who was an Austrian, received an appointment in Vienna. Bilgeri had got into touch with the Nazi party in Graz,

(page 2 of original)

and had gone to Germany long before me, to work for the Refugee Relief Organization, if I remember rightly.

- 3) I was now given the special task in Vienna of putting order into the services of the public administration. In this capacity I worked directly under Neubacher. Soon after this I was appointed State Kommissar in Private Economy; if I remember rightly, in April 1938. In this capacity I worked under the Reichstatthalter Seyss-Inquart, but not directly; between us there was still the Austrian minister of economics. It was Dr. Fischboeck at the time. Fischboeck, too, was new in the part; Seyss-Inquart had appointed him. In my capacity as State Kommissar for Private Economy I had the task of seeing that the leading positions in economy and in the organization of economy were filled by people who enjoyed the confidence of the Nazi-regime. On political grounds I had to remove untrustworthy key-personnel and in general all key personnel who were of Jewish descent. In actual practice things turned out quite differently, as nearly everywhere the plants released directors who were not liked of their own accord; I can remember only one case where I myself intervened in this respect. My activity in this connection consisted chiefly in granting authorization for the newly appointed directors. I was aided by auxiliary personnel which I selected myself. My deputy for a time was Bilgeri, whose appointment in Vienna, as I have already mentioned, was my own doing.

It was also a part of my duties to appoint kommissars in Austrian industry, who had to take over the management of plants. It is possible, although I can no longer remember now, that in this capacity I appointed Baron von Odelga and K.O.Schiller as kommissars in firms belonging to the Austrian chemical industry. K.O.Schiller was an Austrian too; I made his acquaintance for the first time in Vienna; though it is possible that I had met him before.

- 4) Owing to the length of time which has elapsed I can no longer say whether I had any connections at that time with I.G.Farben, and if so, of what nature; nor to what extent the latter sent in requests to me. I remember individual members of the I.G., in particular Dr. Ilgner and Herr Gattineau, also Herr Kuehne, whose acquaintance I did not make until later on. I suppose that Ilgner was brought to me by Neubacher. Gattineau too, was most probably brought to me by Neubacher, or perhaps, too, by Bilgeri.
- 5) As I have already pointed out, events connected with the Austrian chemical firms after the Anschluss have slipped from my memory. Nor so I remember the powder factory Skoda-Wetzler A.G. and its fate after the Anschluss. In particular I have no recollection of Generaldirektor Fallack.
- 6) With Generaldirektor Dr. Johan of the Oesterreichische Kreditanstalt I came into touch from time to time in my capacity as member of the Aufsichtsrat of the Kreditanstalt. I was elected to the Aufsichtsrat of the Kreditanstalt after the Anschluss, in 1938. I am not a banking expert;

TRANSLATION OF DOCUMENT NO. NI-11090
OFFICE OF CHIEF OF COUNSEL FOR WAR
CRIMES (continued)

but the Kreditanstalt considered it of value to set up a liaison reflecting loyalty to the Nazi party. That was the real reason why I entered the Aufsichtsrat. The new Aufsichtsrat also elected new members to the Vorstand. Amongst others Dr. Pfeiffer was appointed. I remember that I objected to his appointment as it was of a technical nature. But he was elected, as far as I remember, in response to a motion which stemmed from the Nazi party. Pfeiffer himself was a party-member. Before the Anschluss he occupied only an average position in the Kreditanstalt.

- 7) Through my position in Vienna I also got to know Keopler who, as far as I know, was put in charge amongst other things of introducing the Four-Year Plan also into Austria.

I have carefully read each of the 3 (three) pages of this declaration and have signed them personally. I have made the necessary corrections in my own handwriting and initialed them and I declare herewith under oath that I have given the pure truth to the best of my knowledge and conscience.

(signed): Walter Rafelsberger.

Sworn to and signed before me this 23rd day of September 1947 at Palace of Justice Yarnberg, Germany, by WALTER RAFFELSBERGER, known to me to be the person making the above affidavit.

(signed) Randolph E. Newman

RANDOLPH E. NEWMAN, Attorney,
U.S. Civilian #GO 397712

Office of Chief of Counsel
for War Crimes, U.S. War
Department.

CERTIFICATE OF TRANSLATION

I, DOROTHY E. PLUMMER, USFET 482, hereby certify that I am thoroughly conversant with the German and English languages and that the above is a true and correct translation of Document No. NI-11090.

23 September 1947

DOROTHY E. PLUMMER
USFET 482.

A F F I D A V I T .

I, Dr. Josef JOHAN, at present public administrator of the Creditanstalt-Bankverein, Vienna, after having first been warned that I will be liable for punishment for making a false statement, state herewith under oath, of my own free will and without coercion, the following:

The powder-factory Skoda-Wetzlar A.G. was until 1938 the leading Austrian enterprise in the chemical industry. It had its main plant installations in Meezbierbaum and belonged with a share of approximately 90% in the stock capital to the Konzern Oesterreichische Creditanstalt-Bankverein.

That is why, as a member of the Vorstand of the Creditanstalt and after 1936 as Generaldirektor I had to deal with this enterprise.

The direct control of the company lay in the hands of the directors Isidor POLLAK and ENGLAENDER. Isidor Pollak had the reputation of being an expert of great distinction and was in contact with all the international chemical concerns. From the moment that Germany for political reasons began to take more and more interest in Austria the various economic circles in Germany began to make advances and to penetrate into Austrian economy.

In many respects the economic interests which were feigned served only as a pretext for a political penetration. In Austria, too, people were convinced that certain economic circles combined political mandates with the carrying out of their own purposes.

It is against this background that I.G.'s interest also appeared in the most influential Austrian concern in the chemical industry, and as a result of conferences dealing with cooperation in certain chemical questions, I believe, including the setting-up of a nitrogen plant, I.G. Farben's hankering after a controlling share in the Skoda-Wetzlar A.G. increased until it led ultimately to direct negotiations for the acquisition of a majority by I.G. Farben in Skoda-Wetzlar A.G.

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At this stage as Generaldirektor of the Creditanstalt I had to deal with the question of whether the Creditanstalt was willing to give up the majority of Skoda-Wetzlar A.G. to I.G. Farben. I rejected the idea as a matter of principle. That must have been in 1937. Any such sale of shareholdings especially of majority

shares in Austrian enterprises was at that time quite opposed to the fundamental principles of the Austrian Creditanstalt. For us it was a real axiom to keep an iron grasp on holdings of this kind in which we saw big reserves. We did not see any reason why we should convert the intrinsic value of these holdings, together with the latent reserves, into Austrian ~~schillings~~ schillings, which would have lain more or less idle. And if this were true in general for all our holdings, it was true in particular for our block of shares in Skoda-Wetzlar, where we were dealing with the biggest chemical enterprise in Austria. Under no circumstances did we want those to get into the hands of strangers. As far as I remember, Generaldirektor Pollek was entirely of our opinion. I must stress the fact, though, that Pollek's views which were those of a specialist of great distinction certainly carried weight with us but that it was, of course, the Creditanstalt itself which, being the owner, took the final decision. Our attitude of very clear refusal we expressed to the I.G. in letters, which were sent to I.G. Farben immediately before the "Anschluss", that is, at the beginning of 1938. We explained that our decision to hold on to our stock majority in Skoda-Wetzlar was final. I.G., too, seemed to accept the fact (that is, directly before the Anschluss) and replied that with certain reservations it was ready to cooperate with Skoda-Wetzlar, even if we held on to our majority.

After the annexation of Austria by Germany in March 1938 an entirely new situation naturally arose for the enterprise, owing to the fact that it was no longer the will of its owner which decided its fate but that of state controlled economy. Enterprises and their owners, and this applies to the Creditanstalt, were no longer free in their decisions, but were bound by the orders and recommendations of party and state economic advisors. As a result of these orders and recommendations the

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Creditanstalt was forced in a number of cases to surrender its shares into German hands and to the leaders of German combines.

In a few cases in which our resistance, - as far as the word is still appropriate in the circumstances I have described - was not yet completely paralyzed, we were given papers which said that it was the will of the Reich Marshal or of some other high ranking personality that we should give up the enterprise in question. I still remember quite clearly a paper of this kind in the case of our Continentale-Motorschiffahrt (Continental Motor-Navigation) -shares.

After almost 10 years I can no longer remember the details of the pressure which was applied precisely in the case of Skoda-Wetzlar to bend the will of the Creditanstalt. But one must bear in mind the whole situation as it shaped itself after 12 March 1938.

At first it was thought that everyone could remain at his post. But it was soon clear that the complete political change, which might be termed a revolution, brought to every individual problems of a personal and professional nature which only allowed him to go on to a limited extent with the tasks which were normally bound up with the exercise of his profession. The extensive changes in the composition of the personnel, the numerous arrests and reported elimination of all non-Aryan employees, demanded such constant re-orientation that the Creditanstalt, too, had the greatest difficulty in carrying on its current run of business.

There were similar difficulties also in the business management of the bank, as of the total of four members of the Vorstand two had to resign as Jews. - I myself was released from my position as Generaldirektor of the Creditanstalt and after my arrest by the Gestapo was restored to freedom only by the firm intervention of Franz Haselbacher who was Vice-President at the time. I also had to put up with my house being searched. Generaldirektor Pollak's house was also searched (April 1938); he did not survive it.

When the gaps in the Vorstand of the bank were filled, Dr. Rudolf Pfeiffer, who had held quite a modest position up to now, was called in on account of his party ties, and he at once took charge of the negotiations concerning Skoda-Wetzlar and subsequently undertook the conclusion of the sale.

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As far as the Skoda-Wetzlar affair is concerned, I remember amongst other things, directly after the Anschluss, a conversation with the representative of I.G. Farben, Günther Schüller, who made every effort to acquire the position for I.G. At that time conversations were held with other representatives of the I.G. in the offices of the Creditanstalt. After what I have described above there is no doubt about the result, that we "surrendered" our holdings in the Skoda-Wetzlar I.G. That our very real disinclination to part with this valuable majority had increased even more, is a matter of course. For now we no longer had even our own gold currency, Austrian schillings, in return, but German Reichsmark, a paper currency. The will of the Creditanstalt, however, was completely eliminated at the time.

At least with respect to the purchase price the Creditanstalt tried to have the change in circumstances taken into consideration and to obtain a suitable purchase price for the Creditanstalt. It was clear to us that through the annexation a fundamental change had taken place in securities- and currency-conditions, since, as I have said, the Austrian gold-currency was replaced by the German paper currency and values were thereby completely changed. The conditions which were asked for were to make allowances for those circumstances.

As after the Anschluss I myself was divested of my leading position as Generaldirektor of the Creditanstalt, I could no longer have any controlling influence on further events. The handling of the question

was transferred to Dr. Rudolf Pfaffner. When about half a year later it gave up its holdings, the Creditanstalt did not succeed in obtaining any satisfaction of its wishes, so that the Creditanstalt felt itself harmed materially as well, and for this reason immediately after the liberation of Austria it lodged a claim with the Ministry for the Safeguarding of Property and Economic Planning for annulment and restitution.

I have carefully read each of the four pages of this declaration and have signed that personally.

Vienna, 13 September 1947.

(signed) Dr. Josef Johann
Dr. Josef JOHANN

Sworn to and signed before me this 13th day of September 1947, at Vienna, Austria, by Dr. Josef JOHANN, known to me to be the person making the above affidavit.

(signed) : Werner Lewald
Mr. Werner LEWALD,
Interrogator,
U.S. Civilian 094412
Office of Chief of Counsel
for War Crimes,
U.S. War Department.

CERTIFICATE OF TRANSLATION

I, DOROTHY E. PLAMMER, USFET 482, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of Document No. NI - 10998.

17 September 1947

DOROTHY E. PLAMMER
USFET 482.

(E N D)

A F F I D A V I T .

I, Dr. Franz ROTTENBERG, at present adviser to the Creditanstalt-Bankverein, born on 19 March 1880, after having first been warned that I will be liable for punishment for making a false statement, state herewith under oath, of my own free will and without coercion, the following:

1.) In the year 1931 I became President of Pulverfabrik Skoda-Wetzler A.G. This office was transferred to me in my then capacity as member of the Vorstand of the Oesterreichische Credit-Anstalt; the Oesterreichische Credit-Anstalt at that time already owned the majority of stock in Skoda-Wetzler A.G.

In 1932 I succeeded in obtaining the services of an expert of the first rank, Ing. Isidor Pollak, whom I may describe as a genius in the field of chemistry, for Pulverfabrik Skoda-Wetzler A.G.. In 1934 he had already been made Generaldirektor of Skoda-Wetzler A.G.

Under Pollak's aegis the enterprise made rapid strides. From memory, I may say that the stock of this enterprise, which it was almost impossible to sell for 10% of its face value in 1932, would hardly be bought at all in 1934, even for many times its face value.

From the time of Pollak's entry, Skoda-Wetzler A.G. enjoyed the greatest success.

2.) As far as I remember, our (i.e. Skoda-Wetzler's) first contact with I.G. Farben was established about the year 1936. The project of a nitrogen factory connected with the Wolfsegg-Traunthal brown coal works originated at that time. The erection of a nitrogen plant in Moosbierbaum (Skoda-Wetzler A.G.'s main industrial plant) was envisaged. I.G. Farben was to put its experience at our disposal and to finance the building; in return we were to pay over a large capital sum annually. I.G. Farben was at that time represented by Dr. Ilgner, who had himself introduced by Professor Flochthorn, a personal friend of mine and for years counsel of I.G. Farben. At that time the negotiations came to nothing, because I.G. Farben made it a condition that it should receive Skoda-Wetzler A.G. stock from

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us. On this point, however, the two leading men of Skoda-Wetzler A.G. - Ing. Pollak and myself - were adamant; we refused on any account to part with Skoda-Wetzler A.G. shares. When I say "us" I include in this connection the Oesterreichische Creditanstalt to which we acted as advisers and which, as the main stockholder of Skoda-Wetzler, would have been called upon to supply the stock.

In the succeeding period, too, I.G. Farben renewed its efforts to become a stockholder in Skoda-Wetzlar A.G. As time went on, Farben became less demanding and in the end was prepared to be satisfied with 51% - finally even with 49%. Ing. Pollak and I were resolved, however, never to consider such an offer. We knew, by the way, that in this we were of one mind with the whole of the Vorstand of Oesterreichische Creditanstalt, notably with its Generaldirektor, Dr. Johann. It must be borne in mind that the Creditanstalt had in reality developed into a holding company. Deprived of its industrial holdings, it would have been a hollow sham.

3.) There is no doubt that Ing. Pollak and myself, as well as the Oesterreichische Creditanstalt, maintained this standpoint until 12 March 1938. What happened after this date - the date of the so-called "Anschluss" - I only know from hearsay. I myself, as a Jew, was kicked out in a most humiliating fashion immediately after the Anschluss and retired to my house in Baden. I was arrested there the same week by S.A. men who took me off in a truck and threw me out of the moving automobile, with the result that I sustained several fractures of my right arm. Even now I have not recovered from the consequences. I was then sent to the Brown House in Vienna as a prisoner, and there I had the good luck to meet a man whose life I had formerly saved and who now rescued me.

Ing. Pollak was also arrested immediately after the Anschluss. He was soon discharged and sent home; and afterwards S.A. men forced their way into his house, Strohgasse 6 (?), and searched it. On this occasion Pollak was literally trampled to death in the presence of his sister, who described the incident to me herself. One of the S.A. or S.S. men taking

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part in this "house search" added the comment that "it was a wate of shoe leather".

I only know from hearsay that Creditanstalt was "prepared" immediately after the Anschluss, which also cost Dr. Johann his post as Generaldirektor, to sell its stock majority in Skoda-Wetzlar A.G. to I.G. Farben.

I have carefully read each of the three (3) pages of this declaration and have signed them personally.

Vienna, 13 September 1947

(signed): Dr. Franz Eottenberg.

Sworn to and signed before me this 13th day of September 1947, at Vienna, Austria, by Dr. Franz Eottenberg, known to me to be the

person making the above affidavit.

(signed): Werner Lewald
Mr. Werner LEWALD
Interrogator
U.S. Civilian 094412
Office of Chief of Counsel
for War Crimes U.S. War Department.

CERTIFICATE OF TRANSLATION.

I, MOHA A.M. MACLEOD, MEF 38347, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of the Document No. NI - 10997.

17 September 1947

MOHA A.M. MACLEOD
MEF 38347.

(E N D)

AFFIDAVIT

I, GUENTER FRANK-FAHLE, employee of the I.G. Farbenindustrie Aktiengesellschaft from 1933-1945, keeper of the records of the Commercial Committee [Kaufmännischer Ausschuss (KA)] from 1937-1945, after having first been warned that I will be liable for punishment for making a false statement, state herewith under oath, of my own free will and without coercion, the following:

- 1.) Together with George S. MARTIN, a representative of the Office of U.S. Chief of Counsel for War Crimes, I have been looking through the minutes of the Commercial Committee in the last few weeks, from the time of its removal in August 1937 until the 54th meeting on 5 December 1944 in Seidelberg, with the exception of the following minutes which Mr. Martin said were not available at this time in Nurnberg:

| | |
|---|--|
| Minutes of the 27th meeting of the KA [Kaufmännischer | |
| " " " 47th " " " " Ausschuss (Commercial | |
| " " " 51st " " " " Committee)] | |
| " " " 52nd " " " " | |
| " " " 53rd " " " " | |
| " " " 55th " " " " | |
| " " " 56th " " " " | |
| " " " 57th " " " " | |
| " " " 58th " " " " | |
| " " " 60th " " " " | |
| " " " 61st " " " " | |
| " " " 62nd " " " " | |

The minutes we have of the 33th, 31st, and 53rd meeting of the KA are incomplete.

- 2.) From 1937-1945 I kept the minutes of the KA and drew them up myself, except when I was not at the meetings. In such cases Dr. Krueger took down the minutes, and once it was Dr. Terhaar.

Of those minutes which are available Dr. Krueger was responsible for the following:

| | |
|-----------------------------------|-------------------|
| The minutes of the 4th meeting on | 5 November 1937 |
| " " " " 14th " " " | 9 September 1938 |
| " " " " 15th " " " | 7 October 1938 |
| " " " " 16th " " " | 11 November 1938 |
| " " " " 17th " " " | 15 December 1938 |
| " " " " 25th " " " | 15 September 1939 |
| " " " " 26th " " " | 13 December 1939 |
| " " " " 29th " " " | 1 February 1940 |
| " " " " 32nd " " " | 30 May 1940 |
| " " " " 34th " " " | 18 July 1940 |
| " " " " 44th " " " | 4 November 1941. |

Dr. Terhaar drew up the minutes of the 26th meeting on 20 October 1937.

(signed) Guenter Frank-Fahle

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3.) In the following I will give all the extracts from the minutes which I could find, dealing with Austria and Czechoslovakia. In each case I will give the number of the meeting and its date, as well as the names of those people present who are now appearing as defendants in Case VI before the American Military Tribunal.

a) 2nd Meeting on 10 September 1937.

Present among others: Hermann Schmitz, Georg von Schittler, Paul Haefliger, Max Illner, Wilhelm Rudolf Mann, Heinrich Oster.

9) Change in status of Anilinchemie - Collaboration with D.A.G. and Sava Petrovic.

Herr WERTH-SCHNEIDER reports on measures to be taken in Austria, which are at present under consideration. Their main principle is to establish closer relations between the I.G. and the Soda-Werke Neustadt A.G. (SW), as also between the Czech and Austrian branches of the Dynamit A.G. vorm. Alfred Nobel and Co. (D.A.G.) and the SW, in order to prevent General-Director SCHMID of the SW in this way from seeking closer connections with other chemical industries, in particular with ABBE or KONTAGATI, and to deter him from pushing on his plans - either alone or jointly with one of these groups - for the industrialization of the chemical industry in Austria.

The firms D.A.G., SW and the I.G. Group are each to take over 1/3 of the Anilinchemie A.G.'s capital stock amounting to 30,000 Austrian schillings, so that, by taking Herr PHILIPP and Herr SCHMID into the Verwaltungsrat of Anilinchemie, permanent contact may be assured and a Discussion Corporation (Anschauungs-Gesellschaft) may be established for all questions regarding development in Austria.

Over and above this an endeavor is to be made to coordinate the sales of the three companies through Anilinchemie more effectively than hitherto - D.A.G. and SW are already selling a large part of their production through Anilinchemie - so that by means of a larger assortment, increased protection against ABBE and other firms may be assured.

In this connection Dr. OSTER discussed the question of how far the sale of nitrogen, which is now in the hands of DEAG, could also be transferred to Anilinchemie.

It is agreed that these questions should be discussed in detail with Herr PHILIPP, who is at present in Berlin. At the same time Herr PHILIPP should be asked to support our interests in the South East of Europe with regard to other questions as well, such as for instance the project of establishing a nitrogen factory in Austria. Thereupon Geheimrat SCHMID invites Herr PHILIPP to the meeting. He thanks Herr PHILIPP for supporting I.G. interests not only in Austria but also in all states in the South East of Europe. Dr. von SCHMID mentions particularly the assistance rendered in connection with ABBE and asks Dr. ILLNER to express our ideas to Herr Philipp.

(signed) Guenter Frank-Pohl.

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After a lengthy discussion Herr PHILIP expresses his willingness to participate in the realization of our plans."

b) 3rd Meeting on 7 October 1937.

Present among others: Georg von Schnitzler, Wilhelm Rudolf Mann, Heinrich Oster.

"1c) Change in Status of Jallinchevic.

Herr Weber-Andree reports on his negotiations with Herr Pollak of Skoda-Wetzlar."

c) 5th Meeting on 10 December 1937.

Present among others: Hermann Schmitz, Georg von Schnitzler, Max Ilgner, Wilhelm Rudolf Mann, Heinrich Oster.

"3) Commercial political relations with Austria/ Industry conferences.

The suggestion of Dr. von SCHEFFNER is accepted, according to which the economic group Chemical Industry will be informed that we have nothing to bring forward which is suitable for discussion within the framework of the industry conferences which have been planned by the Reich Group Industry."

d) 7th Meeting on 10 February 1938.

Present among others: Hermann Schmitz, Georg von Schnitzler, Paul Hefflinger, Max Ilgner, Wilhelm Rudolf Mann, Heinrich Oster.

"3) Commercial political relations with Austria/ Industry conferences - Importation of German fertilizers to Austria.

Dr. Oster explains the situation of nitrogen-sales in Austria and expresses his concern as to the inter-state industrial conferences which may result in difficulties for the international nitrogen business. These hesitations are shared in general by those present.

Dr. Frank-Falic reports that the economic political department of I.G. Berlin S. 7 has given verbal confirmation to the Reichsgruppe Industrie and the 'Virtscheftegruppe Chemie, as to the position taken by the I.G. sales companies with respect to the program of the industrial conferences.

After this Herr Weber-Andree reports on the latest development in the Skoda-Wetzlar affair."

e) 9. Extraordinary Meeting on 23 March 1938.

Present among others: Paul Hefflinger, Max Ilgner, Wilhelm Rudolf Mann, Hans Engler.

"1) General.

Herr Otto, on opening the meeting, lays stress on the fact that the extraordinary meeting has been called for the purpose of discussing the questions which arise from the reincorporation

of Austria in the Reich.

Herr Schiller then gives a detailed report of developments in Austria in the last few weeks and of the effects on the sales organization of I.G. and of the firms connected with I.G.

(signed) Guenter Frank-Fahle.

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Dr. Frank-Fahle reads an exposé containing a survey of the present status of the principal I.G. interests in Austria. It is decided to complete this exposé and to keep it for internal use.

2) Stoda-Wetzler, DAG

Discussion of the situation as it presents itself since the recent developments shows that there is no longer any obstacle to the immediate carrying out of the first step, namely, the acquisition of the majority of Stoda-Wetzler, before the complete merging of the two companies, as planned at an earlier stage, is revolved upon. It is therefore decided that for this purpose Herrran REIFLICH and SPILLER shall establish connections through Herr FRIEDRICH with Secretary of State NEPPER, the Reich Plenipotentiary for Austria, in order to hasten the execution of this step.

It is agreed that the interests of the DAG in Austria and in South-East Europe must be subjected to reorganization. A plan for this is to be worked out on the occasion of Herr PHILIPP's visit in Berlin on 29 March of this year in concurrence with Dr. REIFLICH and Berlin NV 7. As a matter of principle the DAG will separate its interests in chemicals and explosives, so that the former will come within the scope of the present Stoda-Wetzler, and the latter will require a new set-up, possibly in connection with Hirtensberg, which other German industrial enterprises are also interested in.

3) Personnel.

There exists complete agreement as to the fact that, in order to safeguard uniform Farben interests, all non-Aryans employed by the Austrian organizations, in accordance with the directives issued by Geheimrat SCHIEB, should be given leave of absence, or should be dismissed at the earliest possible date. Likewise, the members of Aufsichtsrats and Verwaltungsrats, insofar as they are non-Aryans, are to be asked to give up their mandates.

Herr SCHILLER reports that he was asked to fill the gaps in the management of Stoda-Wetzler and DAG resulting from the elimination of non-Aryans, he says that this has partially been taken care of, temporarily, by the personnel procured by the Sales Combine Chemicals and by Berlin NV 7.

Dr. REIFLICH reports in this connection on his conferences with Generalmajor THOMAS and thanks Herr SCHILLER for his intervention in the interests of the Explosives Concern.

4) Organization.

Changes in representatives are to be made at the earliest possible date in the sales offices of the I.G. It will still be possible to procure the authorization even within the framework of the laws which have been published. In this connection the liquidation of Anilinchemie A.G. is decided upon.

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5) Nitrogen-Factory and Hydrogenation

are not handled, as they must first be discussed with the German authorities.

6) Nitrogen-Sales.

Herr HAYSER reports that members of the syndicate are in Austria at the moment, studying conditions for the new organization which is required. With regard to technical nitrogen it will be possible to form an office only when a solution has been found for the future reorganization of chemicals.

7) Sales of Motor Fuel (Troibstoff-Vortrieb).

The affair of the motor fuel sales requires preliminary discussion for which Dr. FISCHER has already fixed a day.

8) Future Invoicing.

Dr. FISCHER reports that for the time being the Farben sales combine will make out all its invoices in schillings in order to maintain the general price level, and that the central firms have adopted the same decision. The Chemical Sales combine is also making out invoices in schillings, except where they have already been drawn up in Reichsmark; there may have to be changes in the prices, if this should become necessary in order to maintain the price level or in view of the competition there has been up to now.

f) 10th Meeting on 22 April 1933.

Present among others: Georg von Schnitzler, Paul Hefflinger, Max Ilgner, Wilhelm Rudolf Henz, Heinrich Oster.

9) Austria.

Discussion is devoted to the situation which has arisen through the incorporation of Austria, and in particular with respect to the sales organizations. Dr. Frank-Pohle reports on the Austria Meeting on 12 April of this year, the minutes of which are to be attached to the record of the Commercial Committee.

10) Czechoslovakia.

Our relationship with Aussig is discussed in detail in connection with our interests in Czechoslovakia and South East Europe. The proposal made by Aussig which is mentioned in the minutes of the Austria Meeting of 12 April 1933 is discussed and developed.

Dr. Ilgner suggests that the Sudetan German press be used to an increasing extent for publicity.

And the record mentioned under 5) of the Austria meeting on 15 April 1938, which was attended by Paul HAEFLIGER, Max ILGER and Hans KUEHN among others:

"As it appears from reports of HAEFLIGER, HAASER, and SCHILLER - which partly had been previously submitted in written form, and partly were again read during the meeting - neither the party nor the authorities in Germany proper (Altreich) and in German-Austria have any fundamental objections to our long-cherished plan of uniting the chemical industry of Austria, i.e., of UAG, or Deutsch-Antrieb and SWF, respectively. They feel that our cooperation (Zusammenfassung) in the

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management of the two enterprises which was asked for by the authorities in charge there, is to be considered as a logical development. However, we must count on the next few weeks bringing us the necessary external advice for new foundations, for the acquisition of stock and the conclusion of lease agreements and agreements as to output, the reason being that there is a desire for a 100% observance of the existing decree relating to the economic blockade.

On the other hand, for a further operation of the works on orderly lines it is necessary to create committees capable of negotiating in the Vorstand and in the Administration of SWF and Deutsch-Antrieb.

KUEHN therefore said he was willing to offer the services of Dr. Knochefer (a German-Austrian and up to now the deputy manager of the plant in Urdingen) for the active technical management both in SWF and Deutsch-Antrieb.

ILGER suggests that Dr. Paul HUELLER be asked for his consent to having HAEFLIGER and SCHILLER appointed as members of the Vorstand of Deutsch-Antrieb, and at the same time of ILGER and WAGNER.

At the present moment it does not seem expedient to present a second person as member of the Vorstand of UAG; since, however, HAASER is scheduled for the Verwaltungsrat of SWF, when the new elections take place at an extraordinary general meeting on 2 May 1938, and is to act as representative of the Verwaltungsrat in the business management, where he is to be entrusted with the technical control of the enterprise, he can immediately be replaced by HAEFLIGER.

The I.G. has been asked by the Kreditanstalt to make further suggestions for new appointments to the Verwaltungsrat of SWF. SCHILLER will give JOEL the names of Herron KUEHN and HAEFLIGER and will report to Frankfurt or to Berlin as to whether contacts established with LEUBACH and VESSEMEYER produce any further suggestions especially for German-Austrians.

As regards plant management the following posts are vacant:

1.) in Deutsch-Antrieb

Brueckel Plant

Proposal: Dr. E n i n b e r

Lendock Plant

Proposal: K o e s t e r (Engineer)

Megren Plant

Proposal: Dr. A d l e r .

Haeger will take the necessary decisions when he is on the spot.

2.) In SW

Masbierbaum Plant
Liesing Plant
Leopolden Plant.

For the letter no suggestions have been received as yet. However, it seems possible that the people already there may be useful. But Haeger is to decide this, too, when he gets there.

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There is only brief discussion as to changes in the personnel of Anilinwerke and new appointments which may subsequently become necessary in the purchasing and bookkeeping departments etc. of Danesch-Kastrol and SW; in this connection Schiller will have to obtain the necessary decisions directly from Frankfurt or Berlin.

In addition, a detailed discussion takes place as to the possibilities of combining the different firms in German Austria, and of creating a new order in general in our industrial interests in South East Europe, as far as the new situation, that is, the incorporation of German Austria into the Reich makes this necessary. Plans which were previously discussed for relinquishing one or the other of the spheres of influence affiliated to DAG in exchange for a more pronounced participation in the Austrian enterprises, are dropped. Haeger is instructed that when he is in Budapest next week he is to look into the possibility of acquiring the minority participation of the Postar Ungarischer Handelsbank in DAG Bratislava. Should this attempt fail, the possibility must be investigated of a Pool agreement with the Hungarians as regards the joint possessions in stock of DAG Bratislava, and of a leasing of the Austrian plants of DAG Bratislava. In view of the fact that the question is still quite open as to whether there will be a fusion or a leasing, and whether the separate companies and their respectively existent administrations will be kept, the drawing up of a list of suggestions for appointments to the Verwaltungsrat of the new company (Ostwerk Chemie) is temporarily postponed.

On the other hand, investigations must be made at once to see to what extent there is a necessity for changes in the personnel and organization of the East European subsidiary companies of DAG Bratislava, as well as in the latter itself.

In reply to Aussig's suggestion for an exchange of stock, Aussig-shares for DAG shares, no definite decision can be taken for the moment.

Haeger takes up the discussion with Geheimrat SCHNEZ on the possibility of a sale of Aussig stock.

Data explaining the significance of the "Aussig" complex are to be prepared as speedily as possible in Berlin and Vienna. "

e) 11th Meeting on 24 May 1938.

Present among others: Hermann Schmitz, Georg von Schmitzler, Paul Haefliger, Max Ilgner, Heinrich Gattinow, Hans Kugler.

14) Austria.

Dr. ILBERG reports on the measures which have been taken. Dr. Fischer is appointed as Plenipotentiary for Austria. As he is prevented by military service from taking up his position immediately, Dr. GOTTHELM will take over his duties for him in the meantime. In this connection it is stated that the necessary steps for the acquisition of Skoda-Wetzlar are to be continued.

11) Hungary/Czechoslovakia.

Dr. Frank-Wahle reports on the Czechoslovakia conference which took place on 17 May this year.

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The minutes of this conference are handed round to all present. After this a discussion of the situation takes place and of the measures to be taken, in particular with respect to the Aussiger Verein.

Plenipotentiaries for Hungary and Czechoslovakia will be decided on later."

13) 12th Meeting on 15 June 1938.

Present among others: Georg von Schnitzler, Paul Hafflinger, Max Ilgner, Heinrich Oster.

1) Austria.

Dr. ILBERG and Dr. Fischer report on the negotiations which took place and the measures to be adopted as a result of the approval granted 2 June 1938 by the State Kommissar for Private Enterprise for the acquisition of the Skoda-Werke Wetzlar A.G. and the formation of the Chemische Werke Donau A.G.

With regard to the D.A.G. (Dynamit A.G. von Alfred Nobel & Co.) Vienna, and the Carbide-Werke Deutsch-Österreich A.G. a proposition has been submitted by the D.A.G., Bratislava, to sell these companies at a suitable price to the Chemische Werke Donau A.G. The Reich will take over the Sprengstoff-Werke Elzen A.G. (Explosives works), and thereby eliminate the commercial explosives.

It is agreed that the Chemische Werke Donau A.G. shall be constructively extended and that the I.G. shall, within its sphere of interest, participate with all its might in the building up of Austria and place its cooperation at the disposal of official agencies.

It is decided that in all matters of a general nature which concern firms belonging to our sphere of interests in the country of Austria, Dr. ILBERG will act as central authority for the I.G., and that Dr. Fischer, as plenipotentiary for the country of Austria, shall work under him.

Herr HAFFLINGER reports on the proposal of Dr. Fettingner, Director General of the Treibacher Chemische Werke A.G., Eisenstein, to the effect that the I.G. should take an interest in the Treibacher Werke.

2) South East Europe.

It is agreed that it would be desirable to bring about a substantial increase of our participation in D.A.G., Bratislava, and that the possibilities for this should be examined by the Central Finance Administration.

Our relationship to the Aussig Verein is discussed, and Dr. von SCHWITZLER describes in particular the position of Aussig in the Ferbon cartel. He wins approval for the line along which he proposes to negotiate at the conferences in Basel. If possible an attempt must be made to carry out what was previously suggested with respect to Aussig."

4) 15th Meeting on 15 July 1938.

Present among others: Georg von Schmitzler, Heinrich Oster.

8a) Elimination of the Austrian Plants from D.G. (Aussig).

Dr. Fischer reports on the conferences in Budapest which led to an agreement between Treisdorf, Bratislava and I.G., the

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carrying-out of which still awaits official authorizations.

8b) Skoda-Wetzlar Works A.G.

The acquisition of the stock of this company is discussed.

8c) Treibacher Chemische Werke A.G.

Dr. Fischer reports on the continuation of the negotiations, in particular on the anticipated amount of the participation and costs of acquisition, as well as on the possibility of an increase in the production of current."

5) 15th Meeting on 7 October 1938.

Present among others: Hermann Schmitt, Georg von Schmitzler, Paul Hoefflinger, Max Ilgner, Hans Madano, Heinrich Oster, Heinrich Gottmann, Hans Jugler.

4) Czechoslovakia.

Dr. von SCHWITZLER first reports on our action concerning Aussig, the result of which was that Dr. JUGLER and Herr Brunner - Engineer (Aussig Verein, Felconau plant) were appointed co-commissioners for the maintenance of the plants situated in the Sudeten-German areas by the Reich Ministry of Economics, the Organization of NSDAP abroad (Auslandsorganisation) and the High Command of the Armed-Forces (Brunner as technical commissioner, JUGLER as commercial commissioner). Dr. von SCHWITZLER and Dr. ILGNER undertake to inform the competent authorities as to I.G.'s attitude towards the whole complex of questions; the FRICK-Werkern is to be contacted, too, in the same connection.

5) Austria.

Dr. ILGNER reports on the acquisition of the Skoda-Wetzlar shares and the conclusion of the agreement with the Austrian Ministry of Finance regarding Blumau. Both agreements still need the formal consent of the Reich Ministry of Finance after the consent of the Austrian Ministry of Finance has first been given in principle, and the final consent of the High Command of the Armed Forces (Army Ordnance Office).

Further, Dr. ILNER reports on the discussions with Dr. Raffelsberger, Staatskommissar for Austrian private enterprise, concerning the staffing of Aufsichtsrat and Vorstand of the Donau-Chemie A.G.; the basic consent of the Staatskommissar makes it possible for us to arrange the staffing in a way conforming to our commercial interests.

Since the Commercial Committee has given its consent, and since as a result of a discussion between Dr. Kuehne and Dr. FERNBERG the latter, too, has consented on behalf of the Technical Committee, the agreement of Geheimrat SOEMME has now to be obtained. In this connection it seems expedient to combine the commission given at the meeting of the Vorstand on 17 June 1938 to Dr. Kuehne and Dr. BUEHNER, i.e. the handling of technical problems in Austria, with the commission given to Dr. ILNER, namely, the handling of

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general commercial problems in Austria and the South Eastern European Countries (Commercial Committee on 24 May 38 and 16 June 38) in such a way that in future this body, with the assistance of the I.G. authorities concerned, - particularly Dr. KUGLER for questions of dyestuffs - will be responsible for all general problems in South Eastern Europe that are of interest to the I.G.; Dr. Kuehne said that this also was agreed to by Dr. FERNBERG on behalf of the technical side."

2) 15th Meeting on 11 November 1938.

Present among others: Georg von Schmitzer, Paul Hefflinger, Max Ilgner, Wilhelm Rudolf Mann, Heinrich Oster, Heinrich Gattinow.

1) Czechoslovakia.

Measures and agreements with regard to Auesl-Falkensau are discussed. With regard to further proceedings concerning calcium cyanamide products Falkensau, Pharna-products Hoydon and the form of the relationship with Solvay, an agreement is also reached. The sales combines for dyestuffs and chemicals as well as the central finance administration are commissioned to work out the drafts for the agreements (purchase-contract, foundation-contract of the new company and syndicate agreement with Hoydon).

2) Committee for South Eastern Europe.

The Commercial Committee agrees to the following resolutions of the Committee for South Eastern Europe:

- 1.) The 51% share of the D.A.G. Proisdorf in the D.A.G. Prosburg is to be transferred to the Donau-Chemie A.G.
- 2.) The business management of the D.A.G. Prosburg will be changed; Dr. Carl Mayer will join the management, and the three Jewish members of the management will resign.
- 3.) In agreement with Budapest the following are to be newly elected to the Verwaltungsrat:

Dr. Kuehne,
Dr. Ilgner,
Prof. Dr. Leutenschioger.

The Jewish members of the Verwaltungsrat are to resign.

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CONT'D.

3) "Feyer" organization in the "Sudeten" district.
Herr Mann reports on the Chemosan Helico-production which for the time being will be continued in Komoran, and on the organization of Pharma sales for the Gau Sudetendeutschland via the Reichenberg office, where a new building was acquired. Chemosan Vienna is transferring its workshops from Klosterneuburg to a cigarette factory which was closed down and bought with the proceeds of Klosterneuburg. The new works offer the possibility of also considering the possible wishes of other I.G. branches with regard to manufacture.

1) Stocks and outstanding Supplies-Security Agreements of 16 September and 21 September 1939.

Dr. Erueger reports on the handling of the applications (of 16 September and 21 September 1939) concerning Security Agreements at the Reich Ministry of Economics. Herr Koehler points out that in consideration of British taxes the sale of the England stocks to MAPRO must be cancelled. The cancellation will be effected immediately. The agreements concerning the transfer of the Pharma stocks in Prague have already been cancelled again for the same reasons. Measures are under consideration for securing the stocks in future with the sale of foreign bank credits. On the suggestion of Herr WANN all branches in all countries will be included in this examination."

1) 17th Meeting on 15 December 1939.

Present among others: Hermann Schmitz, Georg von Schnitzler, Paul Haefliger, Ilex Ilgner, Wilhelm Rudolf Mann, Heinrich Oster.

*2) South Eastern Europe Committee.

Dr. von SCHMITZLER reports on the state of the Aussig affair, which has gone on developing according to program. The question of the appointment of personnel for the future management of the Chemische Werke Aussig-Falkenberg G.m.b.H. is still to be clarified. It is noted that the Reich Ministry of Economics, in connection with the transfer of the purchase price, may possibly ask for a payment to the Equalization Fund for which payment an amount of 3 million Reichsmarks has already been mentioned.

Dr. OSTER explains why calcium cyanide and everything connected with it must be excluded from the settlement. The wishes expressed by Heydon on the subject of pharmaceuticals are to be the subject of a discussion on the occasion of a luncheon with Herr WANN."

a) 13th Meeting on 11 January 1939.

Present among others: Georg von Schnitzler, Paul Haefliger, Wilhelm Rudolf Mann.

*1) South Eastern Europe - State of Aussig-Falkenberg Affair.

Dr. von SCHMITZLER reports on the negotiations with the Chemische Werke Aussig-Falkenberg G.m.b.H., and in particular with the Chemische Fabrik von Heydon A.G., and also on the additions to the syndicate agreement concluded on 30 November 1939 with this firm. "

- n) 19th Meeting on 17 February 1939.
Present among others: Hermann Schmitz, Georg von Schnitzler,
Paul Haeffliger, Heinrich Oster.

1) Aussig-Falkenau.

a) Syndicate Agreement with the Chemische Fabrik von
Heyden A.G., Dresden-Redebau.

Dr. von SCHNITZLER reports on the reproaches which the Chemische Fabrik von Heyden A.G. has levelled at Pharma in the matter of the importation of acetyl salicylic acid into Poland and on the steps which Lovenhausen intends to take in the matter, and which the Commercial Committee approves.

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With respect to the additions to the syndicate agreement confirmed by I.G. in its letter dated 10 January 1939 Heyden on his part has confirmed the agreement in a way which is partly unsatisfactory and partly - in the Oderberger Chemische Werke affair - exaggerated. As at the discussion on 10 February 1939 this matter could not be handled any further, Heyden is now to be asked by letter to confirm the agreement in a way which corresponds to our wishes.

b) Authorization for Purchase Agreement.

The Reich Ministry of Economics has advised us that the approval of the purchase contract is at present being held up only by the attitude taken by the Administrator (Generalgouverneur) for the Sudeten-German territory who feels that the output of the coal pits that were part of the property acquired by Chemische Werke Aussig-Falkenau exceeds the needs of the two plants. In order to hasten the granting of the authorization the Chemische Werke - subject to the approval of Heyden - will express their agreement to the authorization, making a reservation on one point, namely, that after examination by the Reich Ministry of Economics, they be told to which third parties the coal which is in excess of the needs of the plant can be added."

- o) 20th Meeting on 10 March 1939.
Present among others: Hermann Schmitz, Georg von Schnitzler,
Fritz Gajewski, Paul Haeffliger, Heinrich Oster.

1) Aussig-Falkenau.

Dr. von SCHNITZLER reports on the permission for acquisition which has been granted in the meantime by a letter dated 24 February 1939 from the Reich Ministry of Economics (R.W.); he further reports in connection with this on developments regarding the appointment of plant and business managers.

Dr. Krueger reports on the financing of the new company. The amount of compensation to be paid to the Dresdner Bank is approved.

It is agreed that it would not seem expedient on the part of Farben to complain about the equalization payment of 3 million Reichsmarks imposed by the Reich Ministry of Economics upon the purchasers of Aussig-Falkenau. Dr. von SCHNITZLER agrees to discuss this matter with Geheimrat Jungel."

p) 21st Meeting on 21 April 1939.

Present among others: Georg von Schnitzler, Paul Haefliger,
Wilhelm Rudolf Mann, Heinrich Oster,
Ernst Eugler.

2) Jussig-Falkenau.

*3) Protectorate of Bohemia-Moravia.

Dr. KUGLER reports on the situation of the Chemische Werke
Jussig-Falkenau G.m.b.H., after which there is a discussion
of the change in the situation caused by the taking over of the
protectorate.

Dr. von SCHNITZLER discusses the relationship with the Prager
Verein, and advises that the discussions with the management
of the Prager Verein which had been postponed will shortly be
resumed. There is agreement as to the lines along which the
negotiations with and concerning

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the Prager Verein should be conducted.

*4) Slovakia.

Dr. Fischer submits a detailed report on the political, economic,
and administrative situation in Slovakia. He points out that
the present moment would be favorable for obtaining special
agreements with the newly formed Slovakian Government. The
wishes of the individual Farben departments are to be directed
to the Political Economy Department, Berlin PW 7. There is
discussion about the possibility of I.G.'s being represented
in Slovakia, and Herr KUGLER advises that the question of opening
a new Phosphor office in Slovakia is under study at the present
time.

Dr. Fischer reports on the negotiations with the Société
Française des Industries et des Pétroles, Paris (Nager-Gruppe),
concerning the requisition of the Slovakian Refinery Agello.
The refinery in question is a modern one with a capacity for
handling approximately 6,000 tons per month. It is intended
that the DMG Prossburg should acquire a majority participation
in this refinery."

q) 22nd Meeting on 12 May 1939.

Present among others: Georg von Schnitzler, Paul Haefliger,
Wilhelm Rudolf Mann, Heinrich Oster,
Erich von der Hayde (intermittently).

*5) South East European Questions.

Dr. von SCHNITZLER reports on the conferences with the directors
of the Prager Verein, which took place on 27 and 28 April in
Berlin. Further he reports on the conferences with the Reich
Ministry of Economics and the Economic Group Chemical Industry
with respect to the activity of the Prager Verein in the
chemical field in the Protectorate and in Slovakia. Dr.
Frank-Wahle reports that authorization for the exchange of
stock of the Prager Verein - as far as it is a question of
Sudeten-German assets - for I.G. stock or shares in the
Chemische Fabrik von Hayden A.G. has been granted."

r) 33rd Meeting on 16 June 1939.

Present among others: Hermann Schmitt, Georg von Schnitzler, Paul Haeffliger, Wilhelm Rudolf Mann, Heinrich Oster, Heinrich Gattineau, Hans Kagler.

"4) South East European Questions / Cellulose-plans in the Protectorate and in Slovakia.

a) Protectorate and Slovakia.

Dr. von SCHNITZLER gives a survey of the present conditions in Aussig-Falkenberg and of our relations to the Prager Verein. Dr. KUGLER and Dr. GATTINEAU report on the plan for the joint creation by DAB Proseburg and the Prager Verein of a cellulose factory in Proseburg, and further states that by passing on our experience to them we are participating in a plant which was erected by the Prager Verein in the Protectorate. As the Proseburg plan seems favorable to us both geographically and in other respects, and as, taking things all round, both plans are judged to be of positive value it is decided to continue negotiations with the Prager Verein.

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of 15 June 1939

The plan which was worked out with Dr. GATTINEAU for submission to the Prager Verein is read and approved. Before negotiations are continued with the Prager Verein, this plan is to be shown to Dr. Kohrl. Cooperation with the Prager Verein in other parts of South Eastern Europe is discussed and is to be kept in mind."

a) 29th Meeting on 1 February 1940.

Present among others: Georg von Schnitzler, Max Ilgner, Wilhelm Rudolf Mann, Hans Kagler.

"3) Economic Incorporation of the Protectorate into the Reich.

With reference to this subject Dr. KUGLER makes a few statements as to the repercussions on sales conditions, which led to agreements between the economic circles and enterprises involved for the protection of territory. With regard to the Verein it is considered that in view of the various special agreements which have already been concluded the situation has been practically settled. With respect to the field of hydrosulphites Dr. KUGLER has made a new agreement, and a similar one is planned for titanium white.

t) 35th Meeting on 20 August 1940.

Present among others: Hermann Schmitt, Georg von Schnitzler, Paul Haeffliger, August von Kaiser, Fritz von Meer, Wilhelm Rudolf Mann, Max Ilgner, Erich von der Heyde (intermittently), Hans Kagler.

"7) South Eastern Questions.

a) Chemische Werke Aussig-Falkenberg G.m.b.H.

Dr. von SCHNITZLER reports on the monetary requirements and the consequent measures of financial support necessary for Aussig-Falkenberg, and gives information as to an exchange of correspondence with the Chemische Fabrik von Heyden A.G. He himself, Dr. Suhl

and Dr. ILGNER will continue negotiations with Heyden regarding the financing question, in the second half of September. - Dr. ILGNER reports on the Prager Verein in connection with the status of the Protectorate. His suggestions regarding the possibility of a community of interests (Interessengemeinschaft) are to be worked out in greater detail."

u) 37th Meeting on 12 November 1940.

Present among others: Hermann Schmitz, Georg von Schnitzler, August von Knierim, Fritz von Meer, Paul Hoefliger, Max Ilgner, Hans ... Wilhelm Rudolf Mann, Heinrich Oster, Erich von der Heyde (intermittently), Hans Zugler.

"5) South Eastern Europe.

a) Prager Verein.

Dr. von SCHNITZLER reports on the present stage reached in the problem of the Prager Verein. At the conference which is planned for the 15/16 November in Prague with Vice-President Dvornick and Generaldirector Dr. Hartlank, in which the group I.G./Heyden will be represented by Dr. von SCHNITZLER, Dr. ILGNER and Director Zinsner, the I.G. and the Verein will have to be shown that the dyestuff question and that of the participation of the Verein in the chemical factories of South Eastern Europe make it absolutely necessary that there should be a modification of their relationship to the

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German group - which Rustgers may subsequently join, and besides this that in the other branches of manufacture of the Verein and its participations in the Protectorate there are so many points of contact today both on the territory of the Greater German Reich, as well as in exportation to a certain extent, that it is necessarily and comprehensibly in the interests of the Verein and its future development that there should be an understanding with the German group. It remains to be seen now whether already in the course of the conference of 15/16 November the questions of a financial participation in the Verein can be broached again.

Apart from this there is also complete understanding with Heyden on the point of I.G.'s interests being undisputed in the dyestuff field; further, if necessary, Heyden would agree to the taking over of the Slovakian plants and participations or to the acquisition of the majority by Pressburg, likewise to the taking over by I.G. or Pressburg of the majority in Harassati, Zarka and Hungary, on the condition that Heyden's interests be preserved in the pharmaceutical field within the framework of a syndicate agreement. Rustger's interest seems chiefly to incline to Hruschau.

The demand made by Kali-Chemie for a transfer be made to it of the 50% participation in the Elektrolyse in Bitterfeld now in the hands of the Verein, is considered as justified and is to be noted for further handling at a convenient moment."

w) 38th Meeting on 10 December 1940.

Present among others: Georg von Schnitzler, August von Knierim, Paul Hoefliger, Max Ilgner, Wilhelm Rudolf Mann, Heinrich Gattineau, Hans Zugler.

"5) Prager Verein.

Dr. von SCHMITZLER refers to the record received by the members of the Commercial Committee on 27 November 1940 of his and Dr. ILGNER's discussions in Prague on 15 and 16 November 1940. On the 13th inst. there is to be a preliminary discussion with the representatives of von Heyden and Ruetgers. In 1941 a conference is planned in Frankfurt a/M. between the Verein and I.G. for an initial discussion of the dyestuff problem as one of the main problems of the industrial cooperation which is aimed at. Dr. HALL points out that at the present time there is no question of cooperation in the pharmaceutical field."

"4) 39th Meeting on 4 February 1941.

Present among others: Hermann Schmitz, Georg von Schmitzler, Fritz Gajowski, August von Klierien, Fritz von Meer, Paul Baefliger, Max Ilgner, Wilhelm Rudolf Mann, Heinrich Oster, Erich von der Heyde (intermittently), Hans Hagler.

"5) Austrian Magnesite A.G.

An agreement was concluded in October 1940 with the Austrian Magnesite Aktiengesellschaft concerning a joint utilization of experience as regards the production of magnesia through the thermal reduction of raw materials containing magnesia oxide.

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The entire stock capital of Oesang is in American hands. In consideration of the fact that these assets could be transferred to other foreign ownership thereby endangering our agreement, the Commercial Committee (K4) is in favor of participation in the acquisition of the stock capital at a suitable price."

"6) Prager Verein.

Dr. von SCHMITZLER reports on the negotiations carried through with the Prager Verein chiefly in the dyestuff field, which have led to an eight year agreement on the following basis: The Verein receives a dyestuff production quota with a sales value of 2,500,000 Reichsmarks per year. The manufacturing activities of the Verein throughout the duration of the Agreement are limited to sulphur black, sulphur dyes and azo dyes. Of the production quota an amount to the value of some two million Reichsmark is to be sold in the Protectorate and in Slovakia. The remainder of the export quota will be provided for through a transfer of goods to the I.G. plants. By means of a special agreement it can be arranged for goods of the Prager Verein to be directed into the sales channels of the I.G. in South Eastern Europe. In the field of chemicals negotiations are still going on."

"South Eastern Europe.

Dr. ILGNER reports on the meetings of the South Eastern Europe Committee of December 14, 1940 and of the 3rd instant, especially on the increase of capital in Danubiania from 12 to 20 million Reichsmark, on the future position of Danubiania as regards the South Eastern business policy of the I.G., his (Dr. ILGNER's) observations in Bulgaria with respect to the possibilities of setting up a plant for sulphuric acid, the recommendation of the South

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Eastern Committee as regards the acquisition of a share in the Bohemian, the problem of "La Dalmatienne" in Yugoslavia, the consent of the S.O.A. [Südosteuropa-Ausschuss (South Eastern Committee)] to carry out tests on oil shale in Yugoslavia together with Stircea, as well as the agreement of Italian industry to the setting up of a factory for rayon in Jajce. The S.O.A. has decided that in future there shall be regular reports made on the meetings of the S.O.A. through Dr. Kuehne in the Vorstand and Dr. Ilgner in the Commercial Committee."

x) 40th Meeting on 18 March 1941.

Present among others: Hermann Schmitz, Georg von Schnitzler, Paul Haefliger, Max Ilgner, Wilhelm Rudolf Mann, Heinrich Oster, Hans Taylor.

"9) Prager Verein.

The negotiations with the Prager Verein in the dyestuff field have been brought to a final conclusion in the meantime on the basis already outlined in the record of the meeting of 4 February 1941 under item 6). In the final negotiations the production quota was definitely fixed at 2,656,000 Reichsmark per year. The situation in the chemical field was discussed in particular at the meeting of the Aufsichtsrat on the 14. instant, and special consideration was given to the relationship of the Verein to the Chemische Werke Aussig-Falkenau. We shall now have to wait for the result of the negotiations which the business management of the Chemische Werke is to take up with the Prager Verein.

With respect to the Prager Verein in the field of pharmaceuticals no new points have arisen for consideration. In the meantime Herr Mann plans to have an informal talk with Dr. Martinik at some time about pharmaceuticals.

Dr. ILGNER reports on his conversation with Herr Ernst Solvay regarding the participations of the Verein and the Solvay group in the Hungaria, Berlin and Maracesti. Apart from the clarification achieved in the question of conditions of participation, the chief subject discussed was the suggestion which was approved by Solvay that no new manufactures should be started in the three plants, and that no participations should be required or any other fundamental changes made without Solvay, the Prager Verein and I.G. being informed. This measure is to make sure that the industrial cooperation which is aimed at in the South East shall not be prejudiced through the independent action of any one of the South Eastern factories. "

y) 41st Meeting on 23 April 1941.

Present among others: Hermann Schmitz, Georg von Schnitzler, August von Knierim, Max Ilgner, Wilhelm Rudolf Mann, Heinrich Oster, Erich von der Heyde (intermittently), Hans Kandler.

"11.) Miscellaneous.

b) College for World Commerce, Vienna.

The Technological Institute which forms part of this college is exhibiting a very comprehensive collection of products from different industrial plants; amongst others from Krupp and

Montecatini. At the suggestion of Dr. Gajewski and on the advice of the office of the Propaganda Commission in Frankfurt a/Main it is decided to give the college the famous I.G. glass cases, the cost of which will amount to some 7,000 Reichsmark. The latter proposal, submitted by Dr. ILGER, is accepted.

2) 42nd Meeting on 8 July 1941.

Present among others: Hermann Schmitz, Georg von Schmitzler, Paul Haefliger, Wilhelm Rudolf Mann, Heinrich Oster, Erich von der Heyde (intermittently), Hans Kugler.

"7) South Eastern Europe.

a) The discussion of problems connected with salaries and wages at Dunaehemia gives rise to the decision that questions concerning personnel and salaries which are under discussion in the different commercial committees may be decided only after previous agreement and preliminary study with and in the competent personnel departments of the sales combines.

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In this connection Dr. MUGLER reports on a decision of the Reich Labor Trustees for the Economic Area Vienna-Lower-Danube, dated 6th instant.

b) Protectorate. - The relationship to the Prager Verein is discussed in detail. Dr. MUGLER reports on his conferences in Prague. "

2a) 44th Meeting on 4 November 1941.

Present among others: Hermann Schmitz, Georg von Schmitzler, Paul Haefliger, Max Ilger, Wilhelm Rudolf Mann, Heinrich Oster, Hans Kugler.

"6) South East Europe / S.O.A. (Sudosteuropa-Ausschuss - South East Europe Committee) Meeting on 24 October 1941.

Part 1 - ILGER will report on the South East of Europe in the course of the special discussion of the Sales Combine Leaders on 6 November. ILGER's proposal for discussions with Herr Adolf of the Prager Verein on problems common to both enterprises, is approved. The discussions are planned for 12 to 14 November. Apart from Dr. ILGER, Herr Otto, HAEFLIGER, MUGLER and v. SEIDER will attend."

2b) 45th Meeting on 7 January 1942.

Present among others: Hermann Schmitz, Georg von Schmitzler, Paul Haefliger, Max Ilger, Erich von der Heyde (intermittently), Hans Kugler.

"7) South Eastern Europe.

a) Prager Verein.

Herr Adolf, the new Director General of the Prager Verein having again expressed the wish to meet the leaders of I.G., the members of the "little circle" of the S.O.A. will get into touch with Herr Adolf at a lunch, as was decided at the 44th Meeting of

the Commercial Committee and in the agreement made in the meantime in Pressburg on 18 December 1941, so that they may become acquainted with the immediate intentions of the Prager Verein. The impression obtained at this conference is to be recorded in the exposé which is already being prepared for the next but one Vorstand meeting on the South Eastern business policy of the I.G.

In spite of the above conference plans can be made to allow the Prager Verein to maintain permanent contact in South Eastern questions with Dynamit Pressburg, just as in before; (also with Aussig-Falkenau for the Protectorate in question) in the chemical field, without encroaching thereby upon any necessary direct conferences with the I.G. agencies concerned; the latter will continue to be conducted separately as before.

c) Slovakia.

Industrial conferences with the leaders of Slovakia will take place on 5 and 6 February in Pressburg, and as in the case of the Romanian conferences material has already been requested from the sales combine through the WIFO.

(page 19 of original)

f) Mining and Industrial Plants formerly Job. Dav. Starck.

Dr. ILGER reports on the proposal brought forward by Dr. Thiesmann of which he has already informed Dr. von SCHEITLER, HANFLICHER and Dr. Kuchne. The Commercial Committee has come to the conclusion that except for brown coal the plan is not of any interest to it.

g) Nitrogen Association, Prague.

Herr Kesser reports that both the Nitrogen Association in Prague in this capacity, as well as the separate nitrogen plants in the Protectorate have become members of the nitrogen syndicate, Berlin."

cc) 46th Meeting on 16 February 1942.

Present among others: Hermann Schmitz, Georg von Schuitaler, Paul Haefliger, Max Ilmor, Wilhelm Rudolf Kess, Heinrich Oster, Erich von der Heyde (intermittently), Hans Eugler.

vii) South Eastern Europe.

a) S.O.A.-Meeting on 4 February 1942.

Dr. ILGER reports on the two items on the agenda which are dealt with at this meeting:

1. The future business policy of the I.G. in South Eastern Europe.
2. Future relationship of the I.G. to the Prager Verein.

The Commercial Committee takes note of the arguments and approves. Furthermore Dr. ILGER reports on the conferences or provisional agreements which have taken place in the meantime between Dr. GAJENSKI, DR. GATTISAU and Meyer, and Herr von Adolf and Kuhn of the Prager Verein. As suggested by Dr. GAJENSKI /already confirmed by the previous decisions of the Commercial Committee there is to be a discussion between the leaders of I.G. and Herr Adolf of the Prager Verein. It is stated as a matter of principle that appearances indicate the expediency of I.G.'s establishing direct contact of such a kind independent of the conferences which are already under way between Pressburg/Prague or Aussig/Falkenau/Prague."

- dd) 49th Meeting on 8 July 1942.
Present among others: Hermann Schmitz, Georg von Schmitzler,
August von Knieriem, Paul Haefliger, Max
Ilgner, Wilhelm Rudolf Mann, Hans Eugler.

*10) South Eastern Europe.

First paragraph - Dr. von SCHMITZLER and Dr. EUGLER report on the conference with the Prager Verein which took place in Frankfurt/Main on 3 July 1942. The record of this conference is submitted to the members of the Commercial Committee for their information. The agreement with the Prager Verein based on this conference still requires the consent of the S.O.A. and of the Administration of the DAG, Proseburg. With respect to the last paragraph of Item 1) Enclosure 1) of the inter-office memorandum dated 3 July (Bulgarin) it is added that in the event of a realization of the Bulgarian plan via a via the Verein a minority participation is to be requested for Proseburg.

(page 20 of original)

With respect to Greece Herr Adolf learned at the conference on 3 July that we are carrying on negotiations for a possible subsequent participation in the Lipasata and Otkonchides."

- ee) 50th Meeting on 9 September 1942.
Present among others: Hermann Schmitz, Georg von Schmitzler,
August von Knieriem, Fritz ter Meer,
Paul Haefliger, Max Ilgner, Wilhelm
Rudolf Mann, Heinrich Oster, Hans Eugler.

*10) South Eastern Europe.

Herr Jtto reports that the cellulose plant in Proseburg will be put in operation on 1 October.
Herr Ueber-Andreas requests that when cooperating with official agencies the latter should be urged to see that in the negotiations conducted by government committees abroad as much caution as possible be exercised in promising products which are scarce, especially to individual purchasers.

- ff) 50th Meeting on 14 April 1943.
Present among others: Georg von Schmitzler, Paul Haefliger,
Max Ilgner, Wilhelm Rudolf Mann,
Heinrich Oster, Hans Eugler.

*5) South Eastern Europe.

a) Relationship with Prager Verein.

Those questions which have remained open in the relationship between I.G./Proseburg and the Prager Verein, especially the formulation of agreements according to regions on the basis of the Frankfurter Agreement of 3 July 1942, were discussed at the Prague conference of 22 February 1943 and settled. The records of the meeting have been distributed in the negative.

TRANSLATION OF DOCUMENT NO. 11-9239
CONFID.

Following on the meeting of 22 February 1943 there was an exchange of correspondence between Generaldirector Dr. Paul Mueller and Dr. von SCHUTZLER dealing with the question of whether and to what extent the field of explosives is comprised in the agreements made between I.G. Prossburg and the Prager Verein or whether this, too, seems to require special handling. In a letter addressed directly to Dr. von SCHUTZLER Dr. Mueller expresses himself in agreement with the contents of the letter he received dated 31 March of this year, and the attitude expressed therein will be approved at today's meeting of the Commercial Committee. According to this the state of the affair as a whole is to be judged as follows, namely, that the field of explosives was not discussed during previous negotiations with the Prager Verein, since any activity of the Verein in the explosives field has always been considered of the question, and no aims of the Verein at undertaking any activity in the explosives field were ever recognizable. As, in addition to this, Dr. Orbe declared at the Prague Meeting on 22 February 1943, when there was a brief mention of explosives, that the Verein had no intentions whatsoever regarding manufacture in this field, and that, moreover, its participation in Explosiva

(page 21 of original)

had recently been rejected, there is no reason to bring up the explosives field for discussion again with respect to the Verein after the basic discussion on 3 July 1943 and the Prague conversation of 22 February 1943. Should the Prague Verein show intentions at some later date - whether in Bohemia/Moravia - Slovakia or in the countries of South Eastern Europe, i.e., as defined in the skeleton agreement of 3 July 1943, the countries of Croatia, Serbia, Roumania, Hungary and Bulgaria - of undertaking any activity in the explosives field, an entirely new situation would be created and corresponding negotiations would have to be opened with the Prager Verein based on reference to the integrity of I.G. Prossburg's interests in the explosives field which she claimed right from the beginning, as well as to the spirit of the existing agreements in the chemicals field.

Dr. ILGNER proceeds to inform the other German members of the Prossburg Verwaltungsrat as well as the members of the Prossburg Managing Board of the records which are being kept of today's discussion, and undertakes to have a letter sent to I.G. in concurrence with Dr. Paul Mueller of Prossburg, in which Prossburg approves this view of affairs in the explosives field, and after such clarification of the point in question declares that the minutes of 22 February 1943 are binding on Prossburg as well. This settlement obviates the necessity for Prossburg's signature to the aforementioned record or for the preparation of a new record on this point 1).

Furthermore, a letter from Dr. Adolf to Dr. von SCHUTZLER dated 23 March 1943 is discussed. Dr. von SCHUTZLER will confirm the reception of this letter without entering into the details of the general statements in the attached correspondence between Director Scheffler and Director Ruperti of the Gurno-Werke, and will ask Dr. Adolf for his immediate reactions to the concrete case of Bulgaria (Item 1b, Paragraph 2 of the minutes of 22 February 1943).

TRANSLATION OF DOCUMENT NO. XI-9289
CONT'D.

- 62) 64th Meeting on 5 December 1944.
Present among others: Hermann Schmitz, Georg von Schnitzler,
Fritz Gajowski, August von Knieriem,
Paul Kaufinger, Hans Luchse, Hans Kugler.

64) Economic and Business Conditions in the European
Countries.

a) The possibilities of export to the countries of Sweden,
Denmark, Switzerland, Italy, Hungary and Slovakia are dis-
cussed, and attention is paid in particular to the importance
of Denmark as a partner for foreign countries in the agrarian
field as well as to the special situation of Slovakia."

(page 22 of original)

I have carefully read each of the 22 (twentytwo) pages of
this declaration and have signed them personally. I have made
the necessary corrections in my own handwriting and initialed
them and I declare herewith under oath that I have given the
pure truth to the best of my knowledge and conscience.

(signed) Dr. Guenther Frank-Fahle
Dr. GUNTER FRANK-FAHLE
(Signature of deponent)

Sworn to and signed before me this 5th day of August 1947 at
the Palace of Justice, Nurnberg, Germany, by Dr. GUNTER
FRANK-FAHLE, known to me to be the person making the above
affidavit.

(signed) George S. Martin
GEORGE S. MARTIN
Civilian ETO 20074
Office of Chief of Counsel for War
Crimes
U.S. War Department.

CERTIFICATE OF TRANSLATION.

I, DOROTHY E. PLUMER, USFET 432, hereby certify that I am
thoroughly conversant with the English and German languages
and that the above is a true and correct translation of
Document No. XI - 9289.

25 August 1947

DOROTHY E. PLUMER
USFET 432.

TRANSLATION OF DOCUMENT No. NI-9289
OFFICE OF CHIEF OF COUNSEL
FOR WAR CRIMES

ERRATA SHEET

Page 3 to page 21 enclusive, of translation of document NI-9289
left side on the bottom should be marked:

(signed) Guenter Frank-Fahle

Errata sheet prepared by

JOHN J. BOLL
U.S. Civilian
AGO No. A-444412

- END -

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REPORT ON AUSTRIA

Report on Austria

for the Meeting of the Vorstand held on 21 October 1938

1931/32

Austria - i.e. Vienna - has for some years back - and especially since 1931/32, when currency and foreign exchange began to present difficulties - occupied in the eyes of a few Farben sections (Stollen) a certain special position with respect to Southeastern Europe. This special position was indicated mainly by the following two facts:

1) The organization for the sale of chemical products in Austria, Anilinchemie Wien, not only attended to the Austrian market but was also called upon to fill certain assignments in Southeastern Europe.

2) The manager of Anilinchemie Wien, in his capacity of confidential agent (Vertretermann) to Zofia, was at the same time competent to exercise this function (mainly questions of promoting exports and transferring profits on sales) for the other countries of Southeastern Europe, in co-operation with their agents there.

1935

The fact that the manager of Anilinchemie has for years urged closer co-operation with Skodawerke Wetzlar A.G. (S.W.V.), plus the necessity of reorganizing the staff and organization of Anilinchemie, led to G. Schiller, Berlin NW 7, being sent to Vienna.

18 March
1938

The tasks assigned to Schiller by the sales combine for chemical products and by Farben, Berlin NW 7, namely, the reorganization of the staff of Anilinchemie (Aryan question) and the liquidation of the transactions started through Herr Roth for the promotion of the export trade are completed for

77

Page 1 of original (cont.)

the most part - i.e. as regards the fundamentals - at the reshaping (Umbruch).

The negotiations in progress since 1936 for the acquisition of a majority in S.W.W. have not reached a definite conclusion, as various Farben sections (Stollen) are interested in varying degrees; they are bound to be concluded very soon, however.

Page 2 of original

13 March
to 5 May
1938

In the case of both the Creditanstalt and S.W.S., with whom we have hitherto negotiated in regard to the acquisition of stock, the management is passing into new hands; we are confronted with a new situation.

In addition, many of those engaged in managing the Austrian plants of A.G. Dynamit Nobel, Proseburg - especially Philipp - are retiring.

Farben and D.A.G. Friederich with the agreement of the competent authorities, have made G. Schiller available for the temporary business management of both S.W.W. and the Austrian plants of Dynamit Proseburg.

5 May
1938

Appointment of von Oelze and Schiller as Kommissare for all Austrian factories and sales organizations belonging to Farben and Dynamit Proseburg by the Staatskommissar for Private Enterprise (Staatskommissar für die Privatwirtschaft) in Austria, Hofelsberger.

7 May
1938

Conference of Ilgen, Erueger, Gattinoru, G. Schiller with President Kehrl and Oberreg. Rat (now Min. Rat.) Borgmann in the Reich Ministry of Economics; Staatssekretär Brinkmann instructed.

TRANSLATION OF EXCERPTS FROM DOCUMENT NO. 11-3798 (cont.)
OFFICE OF CHIEF OF COUNSEL FOR WAR CRIMES

Page 2 of original (cont.)

9 May
1938

Ilgnor is authorized to carry on negotiations with Staatskommissar Refolsberger in Vienna on behalf of Farben and D.A.G. Troisdorf.

10 to
13 May
1938

Presence of Ilgnor, Koeffliger, Englar, Meyer (D.A.G.), Gattinera in Vienna. Negotiations and conferences with all offices (Stellen) concerned, especially Reichskommissar Buerckel; Minister of Economics and Finance Fischbook; Mayor Neubacher; Staatskommissar Refolsberger and his Stabsleiter, Dr. Bingerle; President Kohrl and his colleague, Dr. Voessner; and the kommissarischer Leiter of the German Labor Front in Austria, Weiss.

The main reason for appointing the Kommissare is - in addition to many other reasons, mostly of a psychological nature - the extreme discontent manifested by the employees of a few Austrian plants, especially Deutsch-Werke and Oesterreichische Dynamit, in regard to social and personal questions (Aryan question). Due to the fact that from 1933

Page 3 of original

to 1938 Farben - or D.A.G. - had for all practical purposes no influence on the business management, since they possessed only a slight majority exercised through Czechoslovakia, a good deal of tension arose among the employees. All these things, taken in combination with the S.M.V. negotiations, in the course of which a great many factual difficulties had arisen, gave the Staatssekretar the impression that Farben intended to run counter to the general directives and in particular to transfer the Austrian plants to the Reich proper instead of developing them; and in addition to replace the Austrians employed at present by Reich Germans.

13 May
1938

The Kommissare are withdrawn on 13th May 1938, after clarifying and disposing of all the extreme cases, and on the basis of an agreement with the Staatskommissar for Private Enterprise stating that no changes should be made in positions of authority without his previous knowledge and consent and appointing an authorized Farben agent for Austria to function for the duration of the reorganization in Austria and maintain permanent contact with him.

In connection with the acquisition of S.W.W., which is sanctioned in principle by the authorities, Farben undertakes to modernize and develop the existing plants in Austria and to enlarge their field of production where possible by setting up new installations. The formal authorization, in which, among other things, the acquisition of the S.W.W. stock is expressly sanctioned by the Staatskommissar, is attached as Enclosure V.

In agreement with Staatskommissar Hafelsberger, ex-Kommissar von Odelga is transferred to us at our request with a view to handling staff and social questions in the new Donau Chemie A.G. which is to be established and at the same time acting as head of the branch office of the Political Economy Department (NW 7) in Vienna.

(Page 4 of original)

4 May
1938

Ilgner's report in the Commercial Committee. Appointment of Ilgner as the authorized agent of the Commercial Committee for Austria and Southeastern Europe and appointment of Fischer - temporarily represented by Gattineau - as authorized agent for Austria temporarily located in Vienna.

7 June
1938

Ilgner's report at the Vorstand meeting. Acquisition of S.W.W. stock sanctioned on the basis of the report to be made by the Deutsche Revisions- und Treuhand - A.G., exclusion of the Austrian plants of Dynamit Pressburg likewise sanctioned and decision taken to establish Donau Chemie A.G. by merging the enterprises of Skoda-Wetzlar (plant Moosbierbaum and subsidiary company Jagemann, Seybel & Co. with Liesing) and the Deutsch-Katzei A.G. carbide works (with plants Bruckl and Katzei (closed down) and subsidiary company Oesterreichische Kunstduenger-, Schwefelaeure- und chemische Fabrik A.G. with plant Deutsch-Magran), belonging to the Dynamit Pressburg group, to form a production company. The stock held by the Deutsch-Katzei carbide works in the Continentale Gesellschaft for applied electricity is to be transferred to Donau Chemie A.G.; Donau Chemie A.G. will take over control of operations and administration.

The Dynamit Pressburg enterprises situated in Austria which belong to the manufacturing sphere of the group comprising high explosives and powder are likewise to be excluded and will in future be under the direct control of D.A.G. Troisdorf.

Following on this, Kuehne and Bustefisch make a report to the Vorstand on the technical condition of the plants and on existing plans for carrying out new projects or developing and improving existing products.

Dr. Kuehne's report:

From a technical point of view, the plants Moosbierbaum, Liesing, Bruckl and Landeck are not in bad condition and are properly managed. The plants and their production are naturally on a small scale

as compared with Farben. It appears possible, however, to operate

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them at a profit, even on the present scale of production, by sharply cutting down the heavy expenditure caused by the administrative apparatus in Vienna and closing down a few factories which are operating at a loss.

It must be admitted that manufacturing costs will at first increase to some considerable extent owing to the fact that officials in the plants were poorly paid in comparison with the administrative offices in Vienna. An improvement must be effected here, and in the case of some of the workers as well (this, however, only to be done through trustees). It will also be necessary to improve the recreation rooms, baths etc., some of which are quite inadequate and dreary, and to provide these facilities if they do not at present exist. Dwelling-houses will also be required for the workmen, and these might be put up by companies which build housing projects.

At first all these measures will make the balance-sheet depressing reading. We expect, however, that the economic revival of Austria will enlarge the field of production and develop new manufactures (enlargement SO₃* is already envisaged) so that the increased costs in connection with the plants can be borne.

Kuehne and Buetefisch appointed authorized agents for Austria for all technical matters involving basic principles within the scope of the new assignments - Sauer to be invited to join them

* Possible typing error? (Translator's note)

in questions of water-power.

June and
July 1938

Negotiations with the Creditanstalt regarding the conclusion of the purchase of the Skoda-Wetzler stock. The expert opinion obtained from the Deutsche Revisions- und Treuhand-A.G. at the request of Staatssekretär Keppler and Staatskommissar Rafelsberger valued it at 210%. In view, above all, of the decrease in value due to the reduction in the price of chemicals, and the capital investments which have still to be made, the negotiations seem to show that a purchase price of 180% is justified.

(Page 6 of original)

4 to 10
July '38

Negotiations by Mueller, Ilgner, Fischer in Budapest with the Pester Ungarische Commercialbank (holder of 30% of the shares of Dynamit-Pressburg) and Phillips (Dynamit-Pressburg) on the acquisition of Dynamit Pressburg's Austrian plants:

- a) 100% Carbidwerk Deutsch-Matrei A.G. with sub-participations 100% Oesterreichische Kunstduenger-, Schwefelsaeure- und chemische Fabrik A.G., 68.3% Continentale Gesellschaft fuer angewandte Elektrizitaet
- b) 100% Oesterreichische Dynamit Nobel A.G. with sub-participations 37.9% Enzesfelder Metallwerke A.G., 12% Ipari A.G. fuer industrielle Sprengstoffe, Budapest, 20% Erste Rumaenische Sprengstoffgesellschaft, Bucharest).

Signing of preliminary agreement Farben - Dynamit Troisdorf-Dynamit Pressburg. The purchase price, amounting to approximately RM 2,900,000, which is considerably less than the value indicated by the balance-sheets of the companies purchased, is to be

paid, subject to approval by the German and Czech authorities, in 25 yearly installments to be calculated against the Pressburg dividend, which is paid to D.A.G. Treibsdorf on account of its participation of 51%.

So that all plants located in Austria (with the exception of those producing powder and high explosives) may be operating on a uniform basis even before the purchase is finally completed, Dynamit Pressburg agrees to the conclusion of an agreement bearing on the community of interests between these plants and the S.W.W. plants and including Farben.

July-Oct.
1938

Fresh difficulties arise in connection with the negotiations for the purchase of the S.W.W. stock through the intervention of the Army Ordnance Branch (Heereswaffenamt) with respect to the Blumau A.G. high explosives plant, 50% of which is owned by the Reich, through Austria, 25% by S.W.W. and 25% by a private group (ex-directors of S.W.W.). The Army Ordnance Branch wishes to transfer Blumau, in view of its production of military high

(Page 7 of original)

explosives, one hundred per cent to State ownership before the S.W.W. stock is acquired by Farben.

5 Sept.
1938

Negotiations by Mueller with the private group of Blumau shareholders. The shares are purchased.

The negotiations conducted immediately afterwards by Fischer, Moyer, Gattinoni with the Army Ordnance Branch finally led to the following result:

After taking over the 25% of Blumau shares owned by S.W.W., Farben will sell these, along with the 25%

of shares purchased from the private group, to the German Reich (Province of Austria) for RM 200,000. Blumau A.G. high explosives works will in future manufacture high explosives and powder for Army use only, while D.A.G. Troisdorf will continue to hold the civilian high explosives quota. Farben binds itself to see that Blumau continues to receive the necessary deliveries of oloum and is advised by D.A.G. on technical matters. In return for doing so, Farben will receive a single compensatory payment of RM 300,000. In view of the fact that the 25% Blumau participation was valued at RM 800,000 in connection with the purchase of the S.W.W. shares, Blumau's civilian high explosives quota comes into the hands of Farben/D.A.G. for RM 400,000 - i.e. at a reasonable price.

21 Sept.
1938

Negotiations by Ilgner, Meyer, Gattineau at the Austrian Ministry of Finance with regard to the Blumau agreement; agreement in principle.

4-6 Oct.
1938

Signing of Blumau agreement in the Austrian Ministry of Finance and of documents confirming the purchase of S.W.W. shares at the Creditanstalt by Buhl and Ilgner.

Farben's participation in S.W.W. now amounts to 93.1385% altogether. The equivalent value of the parcel of shares bought from the Creditanstalt, which amounts to RM 7,424,130, will be paid in 5 approximately equal yearly installments, with 5% interest, and will not be redeemable.

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6 Oct.
1938

Negotiations by Ilgner, Gattineau with Staatskommissar Rafelsberger on personnel to be appointed

to manage the Chemikalien Verkaufsgesellschaft (sales organization for chemicals) Donau A.G., and the new company to be established: Donau Chemie A.G. The sanction which we received gives us greater latitude and allows us to make appointments which will best serve the interests of the business. We are still bound to discuss all staff questions of major importance with the Reichskommissar.

7 Oct.
1938

The Commercial Committee approves the members elected to the Aufsichtsrat and Vorstand of Donau Chemie A.G., the new company which is to be established, Dr. ter Meer having already approved them on behalf of the Technical Committee after consultation with Dr. Kuchne.

In this connection it seems appropriate to link up the assignment given to Kuchne and Buctofisch at the meeting of the Vorstand held on 7th June 1938, when they were asked to deal with the Czech problem in Austria, and with the assignment given to Ilgner, who was asked to deal with general problems of commerce in Austria and the countries of Southeast Europe (Commercial Committee on 24th May and 18th June) in such a way that this *gremium*, plus whichever Farben section (Stelle) was concerned - especially Kugler, for the dyestuffs sphere - would in future be competent for all general questions of interest to Farben in Southeastern Europe. Here, too, Kuchne expressed ter Meer's approval on behalf of the technical side.

Consent must be obtained from Z.A. and at a Vorstand meeting for all these staff questions.

14 Oct.
1938

Signing of agreement with the Pester Ungarische

Commercialbank and Philips (Dynamit Pressburg) on the purchase of the Austrian plants belonging to Dynamit Pressburg by Meyer (D.A.G.), Gattinoni, Korsten in Budapest. The consent of the Reich Ministry of Economics has been given in principle; (Page 9 of original) that of the Czech National Bank has not yet been obtained. As the purchase of both the S.M.W. shares and the Austrian participations belonging to Dynamit Pressburg is on principle regulated through Farben, the much-discussed community of interests agreement will now be concluded immediately, so that the various plants may come under unified management without any delay. At the same time, the necessary preparations are being made for the establishment of Donau Chemie, S.M.W. being the firm retaining the funds.

Fundamentals.

In view of the particular circumstances in Austria, which all who were entrusted with the conduct of negotiations recognize in principle from their own experiences, it seems advisable, in spite of the situation in regard to ownership, not simply to amalgamate the business management of the two Donau-Gesellschaften completely with that of Farben.

The Chemikalien Verkaufsgesellschaft Donau G.m.b.H., therefore, will not occupy the position of a pure sales office, but will have a more extensive field of activity, first and foremost because the close relations existing between Vienna and the Southeastern European area can be exploited to the best advantage in this way.

The sale of the products manufactured by the

companies at present fused under the above-mentioned community of interests agreement (the future "Donau Chemie A.G.") will be handled, along with the sale of products from Farben's own plants - also including non-Konzern firms if necessary - by the Chemikalien-Verkaufsgesellschaft Donau G.m.b.H., which - like Anilinchemie A.G. in the past,

(Page 10 of original)

will not only handle the Austrian market but will also take over certain assignments in connection with the sale of chemicals in the other countries of Southeastern Europe as well.

No useful purpose seemed to be served by transforming Anilinchemie A.G. into Chemikalien-Verkaufsgesellschaft Donau G.m.b.H.; on the contrary, on the advice of and in agreement with the Austrian offices (Stellen), the liquidation of Anilinchemie A.G. was decided upon and Chemikalien-Verkaufsgesellschaft Donau G.m.b.H. was established as a new enterprise. In order to emphasize the Austrian character of the company, 30% of the capital was taken over by Exzellenz Riedl, the Chairman of the Aufsichtsrat of Donau Chemie A.G., as Trustee for Donau Chemie A.G.

The formal appointment of an Aufsichtsrat for the G.m.b.H. appeared necessary for similar reasons.

In the case of the production company Donau A.G., the fact that not all the interests in the various plants are 100% Farben-owned necessitates a business management with an appearance of greater independence, quite apart from the fact that a company like this, which is to all appearances an independent enterprise, is in many respects a suitable partner within

the range of the possibilities for economic development in Southeastern Europe.

For similar reasons, social questions are also to be handled independently to a great extent.

The plans for the appointment of personnel for both the production company and the sales company were worked out in agreement with the competent Farben sections (Stallen). It was impossible to avoid overstaffing in one or two cases, as the employees of the firms to be fused and/or Anilin-chemie had to be taken over in their entirety.

(Page 11 of original)

The departure of the non-Aryan employees balances this overstaffing to some extent. The situation will continue to improve in this respect, as vacancies arising in future will not be filled.

Enclosures I and II illustrate the position of the two Donau-Gesellschaften with regard to personnel as it was originally (i.e. before the re-shaping), in the interim period (immediately following the re-shaping) and as it will be in future.

Enclosures III and IV are diagrams showing how the S.M.W. and Dynamit Prossburg Konzerne were built up originally. A similar diagram will be made for Donau Chemie A.G. as soon as the preparations for establishing this firm are complete.

Dr. J/Du
Berlin NW 7, 19th October 1938

CERTIFICATE OF TRANSLATION

I, Mona A.M. Macleod, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of Document No. NI-2798.

25th July 1947

Mona A.M. Macleod
MEP 38347

END

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EXERPT A
TRANSITION OF DOCUMENT NI-2798
CONT'D.

Enclosure I

Donau-Chemikalien-Verkaufsgesellschaft m.b.H.

| I. <u>Organization before the reshaping (Umbruch)</u> (Anilinchemie Aktiengesellschaft) | II. <u>Interim Position</u> | III. <u>Final Composition of Staff</u> |
|---|--|--|
| *) <u>Supervisory Board</u> | <u>Supervisory Board</u> | <u>Supervisory Board</u> |
| Hermann C...Seeborn, Vienna President Komm.Rat Wilhelm Roth, Vienna Vice-President Ludwig Hopfgartner, Vienna Erwin Philipp, Vienna Guenther Schiller, Vienna | Ludwig Hopfgartner, Vienna Guenther Schiller, Vienna Hermann C...Seeborn, Vienna | Eduard Weber-Androse, Frankfurt - Chairman Exz. Richard Riedl, Vienna Deputy Chairman Walter Horstmann, Frankfurt Dr. Max Ilgner, Berlin Dr. Hans Kuehne, Leverkusen |
| <u>Management</u> | <u>Business Management:</u> | <u>Business Management</u> |
| A.O. Moos v. Seiller, Vienna, Director Dr. Salomon Unterberg, Vienna Director Josef Guthertz, Vienna, Prokurist Gustav Rossler, Vienna, Prokurist | Dr. E. v. Pongratz, Vienna, Commercial and Works Manager A.O. Moos von Seiller, Vienna Business Manager Dieter von Consbruch, Vienna assigned to Management K.O. Schiller, Vienna Director and Deputy Works Manager | Dieter von Consbruch, Vienna Commercial and Works Manager A.O. Moos von Seiller, Vienna Business Manager K.O. Schiller, Vienna Director and Deputy Business Manager. |

*) Before the Umbruch, the Supervisory Board was known as the "Vorwaltungsrat"; later it was called the "Aufsichtsrat".

Enclosure II.Donau-Chemie A.G.I. Organization before the
reshaping (Umbruch)1. Pulverfabrik Skodawerke-Wetzler
A.-G.*****
*) Supervisory Board

Dr. Franz Rottenberg, Vienna, President
 Josef Reither, Langenrohr, Vice-Presid.
 Baron Dr. Max Allmayer-Beck, Vienna
 Marcell Goldarbeiter, Vienna
 Rudolf Haas, Vienna,
 Ernst Heller, Vienna,
 Dr. Anton Patschmann, Vienna
 Felix Stransky, Vienna
 Julius Simelis, Vienna,
 Friedrich Frhr. v. Tinti, Schloss
 Pöchlarn (N.Ö.)

Vorstand

Komm. Rat Ing. Otto Englaender, Vienna,
 General Manager
 Ing. Isidor Pollak, Vienna, Gen. Man.
 Ing. Julius Domaschintzky, Vienna,
 Director

II. Interim Position1. Pulverfabrik Skodawerke-
Wetzler A.-G.*****
Supervisory Board

Baron Dr. Max Allmayer-Beck,
 Vienna,
 General d. Art. Ing. Gustav
 G e n g , Vienna
 Komm. Rat Otto Faltis, Vienna
 Graf Herbert Hardegg, Vienna
 Ing. Franz Manzel, Vienna
 Dr. Rudolf Pfaffner, Vienna
 Philipp von Schoeller, Vienna
 Walter Weischaupl, Vienna

Vorstand

Ing. Julius Domaschintzky, Vienna
 Komm. Rat Ing. Otto Englaender,
 Vienna

III. Definitive list of personnel
envisaged forDonau Chemie A.G.

Supervisory Board

His Exc. Richard Riedl, Vienna,
 Chairman
 Dr. Bernhard Buhl, Frankfurt,
 Deputy-Chairman,
 Dr. Heinrich Buotefisch, Louna
 Dr. Franz Fattinger, Vienna
 Dr. E. R. Fischer, Berlin
 Paul Haefliger, Frankfurt
 Dr. Max Ilgner, Berlin
 Dr. Paul Mueller, Troisdorf
 Rechtsanwalt Richter, Vienna
 Dr. Edmund Veessenmayr, Vienna
 Representative of Oesterrei-
 chische Kreditanstalt
 Seat for representative of
 Oesterr. Kreditanstalt yet
 filled.

Vorstand

Dr. Hans Kuchno, Leverkusen
 General Manager
 Dr. Ernst Hackhofer, Wien,
 Member of Vorstand, Works Man.
 Dr. E. v. Pongratz, Vienna,
 Member of Vorstand

Exerpt A

TRANSLATION OF DOCUMENT NI-2795
CONT'D.

- 16 -

Vorstand (cont'd)

| | |
|---------------------------------|-----------------|
| Rudolf Frank, Vienna | Deputy Director |
| Dr. Eugen Kerényi, Moosbierbaum | Works Manager |
| Ing. Theodor Engel, Vienna | Prokurist |
| Erwin Robitschek, Vienna | Prokurist |

Labor Committee

Dr. Hans Kuehn, Leverkusen
 Dr. Heinrich Buetefisch, Louna
 Paul Haefliger, Frankfurt
 Dr. Max Ilgen, Berlin.

* Before the Umbruch, the Supervisory Board was known as the "Verwaltungsrat"; later, it was called the "Aufsichtsrat".

2) Chemische Fabrik Wagonmann,
Seybel & Co. A.G.Supervisory Board

Dr. Franz Rottenberg, Vienna, President
 Komm. Rat Ing. Otto Engländer, Vienna
 Dr. Anton Petschmann, Vienna
 Ing. Isidor Pollak, Vienna
 Emil Seybel, Vienna
 Komm. Rat. R. Uhlig, Vienna

Management

Ing. Julius Domaschintzky, Vienna, Director
 Rudolf Frank, Vienna, Director
 Max Kolner, Vienna, Deputy Director
 Alfred Neurath, Vienna, Prokurist
 Ing. Alfred Schaefer, Vienna, Prokurist

3) Carbidwerk Deutsch-Metrol A.G.Supervisory Board:

Erwin Philipp, Vienna, President
 Dr. Max Bachmann, Cologne
 Dr. Fritz Foregger, Vienna
 Dr. Hugo Keller, Vienna
 Otto Wacker, Munich

Management:

Ing. Karl Platzler, Vienna, Chief Director
 Ludwig Hopfgartner, Vienna, Director
 Siegfried Kern, Vienna, Director
 Wilhelm Ehrenstein, Vienna, Deputy Director
 Ing. Max Spitzer, Vienna, Deputy Director
 Emil Kneuffer, Vienna, Prokurist
 Leopold Klear, Vienna, Prokurist
 Robert Philipp, Vienna, Prokurist
 Dr. Sander Spitzer, Vienna, Prokurist
 Ing. Paul Steinschneider, Vienna, Prokurist.

4) Chemische Fabrik Wagonmann,
Seybel & Co. A.G.Supervisory Board

Baron Dr. Max Allmayer-Bach, Vienna
 Ing. Julius Domaschintzky, Vienna
 Komm. Rat Ing. Otto Engländer,
 Vienna
 Emil Seybel, Vienna
 Komm. Rat Erwin R. Uhlig, Vienna

There is no separate Management
 (Direktion) or Business Management
 (Geschäftsführung)

3) Carbidwerk Deutsch-Metrol A.G.Supervisory Board:

Dr. Max Bachmann, Cologne, President
 Dr. Fritz Foregger, Vienna
 Dr. Ernst Hackhofer, Vienna
 Dr. Hugo Keller, Vienna
 Dr. E. v. Fongratz, Vienna
 Otto Wacker, Munich

Business Management

Vienna
 Ludwig Hopfgartner, Prokurist
 Ing. Karl Platzler, Vienna, Prokurist

Donau-
 Chemie
 A.G.

Excerpt A
TRANSLATION OF DC.NI- 2798
CONT'D.

4) Osterreichische Kunstdunger, Schwefel-
saure- und chemische Fabrik A.G.

Supervisory Board:

- Erwin Philipp, Vienna
- Ing. Felix Feist, Vienna
- Ing. Albert Freund, Vienna
- Ludwig Hopfgartner, Vienna
- Komm. Rat. Josef Horinack, Vienna

Management

- Samuel Mossinger, Vienna
Managing Director

4) Osterreichische Kunstdunger,
Schwefelsaure-u.chem.Fabrik A.G.

Supervisory Board:

- Ludwig Hopfgartner, Vienna
- Dr. Ernst Hackhofer, Vienna
- Ing. Karl Platzler, Vienna
- Dr. E.v. Pongratz, Vienna
- K.O. Schiller, Vienna

There is no separate Management
(Direktion/Business Management
(Geschäftsführung)).

Donau Chemie

A.G.

APPENDIX.

5) Continental Gesellschaft fuer
angewandte Elektrizitaet.

Supervisory Board:

- Erwin Philipp, Vienna, President
- Dr. Paul Anliker, Binningen
near Basle
- Gustav Killius, Vienna
- Dr. J. Alfred Moyer, Zuerich
- Dr. Viktor Emil Schorer, Basle
- Dr. Josef Stein, Vienna
- Rudolf Steiner, Vienna

Management

- Erwin Philipp, Vienna Representative
- Ludwig Hopfgartner, Vienna, Director
- Ing. Karl Platzler, Vienna Director
- Emil Kaeufler, Vienna Prokurist

5) Continental Gesellschaft fuer
angewandte Elektrizitaet.

Supervisory Board:

- Dr. Hans Kuehne, Leverkusen
- Dr. Paul Anliker, Binningen
near Basle
- Dr. Viktor Emil Schorer, Basle

Managing Board

- Dr. Hans Kuehne, Leverkusen
- Dr. Davidis, Vienna
- Ludwig Hopfgartner, Vienna
- Ing. Karl Platzler, Vienna

5) Continental Gesellschaft
fuer angewandte Elektrizitaet

Supervisory Board:

Same as before.

Managing Board:

- Dr. Hans Kuehne, Leverkusen
 - Dr. Davidis, Vienna
 - Ludwig Hopfgartner, Vienna
 - Ing. Karl Platzler, Vienna
- The following additional members will be elected on 31 October 1938:
- Director Bauer, Vienna (cont)
 - Dr. Ernst Hackhofer, Vienna
 - Dr. E.v. Pongratz, Vienna.

6) Oesterr. Dynamit Nobel AktiengesellschaftSupervisory Board

Erwin Philipp, Vienna
 Dr. Hans Adler, Vienna
 Dr. Lothar Komorzynski-
 Casozynski, Vienna
 Ing. Johann Letis,
 Dr. Paul Mueller, Troisdorf
 Paul Winterstein, Vienna

Management

Erwin Philipp, Wien Director
 General
 Karl Baumor, Vienna
 Ing. Albert Freund, Vienna
 Komm. Rat Louis Glokke, Vienna.

6) Oesterr. Dynamit Nobel AktiengesellschaftSupervisory Board:

Dr. Paul Mueller, Troisdorf
 Dr. Rudolf Schmidt, Troisdorf
 Dr. Karl Meyer, Troisdorf
 Komm. Rat Otto Faltis, Vienna
 Gen. d. Art. Ing. Gustav Gang, Vienna

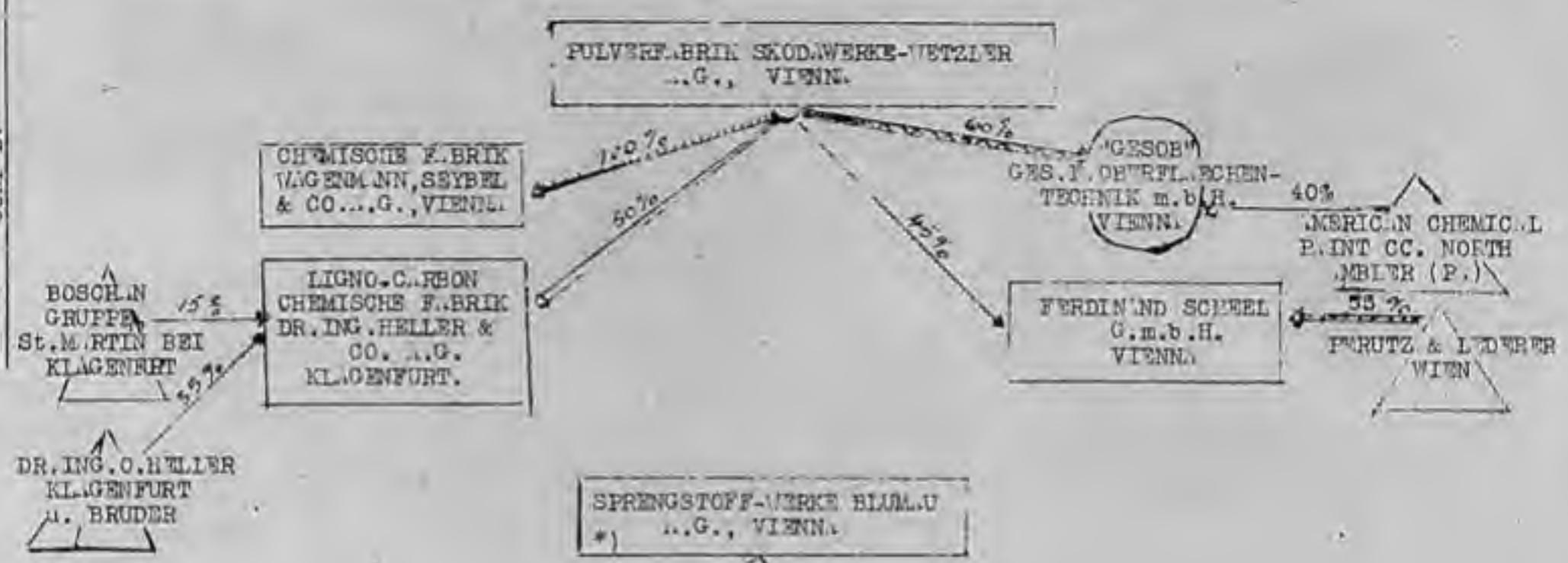
Director A. O. Schiller, Vienna
 Works Manager

6) Oesterr. Dynamit Nobel AktiengesellschaftSupervisory Board:

As before
 (possibly some slight
 changes)

Reorganization from
 1 January 1939

PULVERFABRIK SKODAWERKE-WETZLER ..G., VIENNA.



*) The 25% participation owned by Pulverfabrik Skodawerke-Wetzler ..G. and the 25% participation owned by Messrs. Engländer and Pollak were sold to the Austrian state which already owned 50%, subject to approval by the Reich Ministry of Finance.



Excerpt A

TRANSLATION OF DOC. NI - 2798
CONT'D.

(page 20 of original)

Enclosure III.

C
C H A R T

identical with

chart in Doc. NI - 9593.

CERTIFICATE OF TRANSLATION

I, Mona A.M. Macleod, MEP 38347, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of the document No. NI2798.

3 October 1947

Mona A.M. Macleod
MEP 38347

C o p y

I. G. Farbenindustrie Aktiengesellschaft, Frankfurt am Main (20)

Vienna, 29 March 1938

To

Generaldirektor Johann

Oesterreichische Creditanstalt-Wiener Bankverein

Wien I
Schottengasse 6

Dear Sir:

We beg to revert again to the detailed conversation we had this morning and to give you a written confirmation thereof in the summary which follows:

After concrete negotiations had been carried on for more than a year with regard to the fusion of the plants Skodawerke-Wetzlar A.G. and the Austrian part of the Dynamit Nobel concern, Bratislava, and when tangible results were imminent, we offered our services at your request, immediately after the political change, for an interim management of the affairs of the Skodawerke-Wetzlar A.G.

Our conference today was for the purpose of discussing the new situation. The resignation of influential members of the business management of the Skodawerke-Wetzlar A.G. makes it imperative for you to appoint new people. For the vacancy which has arisen in the Vorstand of the Skodawerke-Wetzlar A.G. we have already said that we are willing to give you the services of Herr Guenther Schiller, who until now was a member of the Verwaltungsrat of the Anilinchemie-Aktiengesellschaft, as well as additional experts for the commercial side, and, if you wish it, for the technical side, too. This measure is in the interest of both parties, as in the course of our conversation you declared that our wish to take over definitely a controlling majority in the Skodawerke-Wetzlar A.G. or to acquire an option on a certain percentage of the shares, would, in view of the change of circumstances, correspond to your own ideas. In any case, a substantial minority is to remain in your possession. The idea was that

(Second page of Original)

we should acquire the stock in question at a normal price, corresponding to its actual current value. The report of a neutral Trustee Company (Treuhandgesellschaft) is to serve as a basis for the evaluation.

You pointed out that the Anschluss would result in better prospects for the enterprise in the future than in the past, and that this circumstance should be taken into account at the estimation. An evaluation in figures beforehand, however, is not possible. We therefore suggest that such evaluation be expressed by your participation in a form which has still to be determined in the increase of profit. This settlement would have to be given time-limits by fixing an annual maximum.

We explained to you that we are pursuing our aim of uniting the plants of the Skodawerke-Wetzlar A.G. with the Austrian plants of Dynamit Nobel, Bratislava, under some such designation as "Ostmark" Chemie Aktiengesellschaft, as we expect such a fusion to give the best opportunities for further development, besides simplifying the

TRANSLATION OF DOCUMENT NO. NI-2982
(CONF'D.)
OFFICE OF U. S. CHIEF OF COUNSEL FOR
WAR CRIMES

COPY

(Fourth page of original)

Oesterreichische Creditanstalt

Vienna, 31 March 1938

Wiener Bankverein

I.G. Farbenindustrie Aktiengesellschaft,
Frankfurt a. Main

Vienna III.
Bismarck 10

Re: Gunpowder Factory Skoda-Wetzlar A.G.

Reception is acknowledged of your letter of 29 inst. We have the honor to forward enclosed for your use a copy of the application we made in the above-mentioned affair to the Ministry of Commerce and Communications in Vienna. We beg to point out that we have expressed our standpoint in this affair, which, as you will gather from the copy, completes your statements with regard to the evaluation of the shares.

With German greetings.

Heil Hitler!

Oesterreichische Creditanstalt-
Wiener Bankverein

Signatures.

(Page 5 of original)

C O P Y .

Oesterreichische Creditanstalt-
Wiener Bankverein

Vienna, 31 March 1938.

To the

Ministry of Commerce and Communications,

V i e n n a .

Subject: I.G. Farben-Konzern Gunpowder Factory
Skoda Werke-Metzler A.G.

We have the honor to inform you that for approximately one year negotiations have been pending between us and the I.G.-Farben-Konzern, according to which a suitable co-operation of the gunpowder factory Skoda-Werke-Metzler A.G. with the I.G. Farben-Konzern was to be prepared on the basis of a participation of the I.G. Farben-Konzern in the stock of the gunpowder factory; the majority of the shares, however, were to be left to the Creditanstalt.

In the course of the discussions which have been carried on in the last few days, it has been shown that as a consequence of the change of situation this co-operation can only be effected if consideration is given to the wish of the I.G. Farben to take over definitely a controlling majority in the shares of the gunpowder factory, or to acquire an option on a certain percentage of the shares, whereby a substantial minority would have to remain in our possession.

On principle we are ready to give consideration to this wish. However, in order to inform the Ministry of all the essential details of the discussions, we will mention the following points:

I.G. Farben proceeds from the fact that it would like to acquire the shares (Aktienpaket) in question at a normal value, corresponding to their current value. To allow for the circumstance that in comparison with the past, the enterprise will have far greater future prospects through

- the union of Austria with the Reich and that this will also have to be taken into account at the evaluation, the I.G. Farben suggested before that the evaluation should be expressed by our participation - in a form which has yet to be fixed - in an additional profit, and that this arrangement would have to be given time-limits by fixing a yearly maximum.

page 6 of original

With respect to the request for acquisition of the majority of the shares at a normal value corresponding to the current present-day value, we took the stand at our last conversation that in all justice we can contemplate a sale of shares of the gunpowder factory from our stocks only on the basis of their actual value (innerer Wert), and we said that we agreed to a neutral trustee company being charged with the evaluation of the enterprise, and agreed that it would have to establish the status (Translator's note: in the German text "Satus" which is probably a typing mistake written instead of "Status") of the company and the actual value (innerer Wert) of the shares.

The stock we own at present in the gunpowder factory Skoda Werke-Wetzlar A.G. amounts to 174,812 shares, that is 87,4 % of the capital (7.000.000 schilling. - 200.000 shares at 35 sch. each).

In carrying on the discussions with respect to the transfer of the majority of shares we are fully aware that this arrangement requires the approval of the authorities, and we hereby request that the Ministry grant us authorization thereto.

We venture to add that the resignation of influential members of the managing board of the gunpowder factory made necessary an immediate settlement of the personnel problem and we therefore welcomed the suggestion of I.G. Farben, that Herr Guenther S c h i l l e r , a former member of the Verwaltungsrat of the Anilinchemie Aktiengesellschaft, should be appointed as member of the Vorstand and director of the gunpowder factory.

With German greetings,

We remain, gentlemen,
Yours obediently,

Oesterreichische Creditanstalt-
Wiener Bankverein
(Signatures)

TRANSLATION OF DOCUMENT NO. WI - 3982
OFFICE OF U.S. CHIEF OF COUNSEL
FOR WAR CRIMES, CONT'D.

CERTIFICATE OF TRANSLATION.

I, DOROTHY E. PLUMMER, USFET 482, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of Document No. WI - 3982.

20 May 1947

DOROTHY E. PLUMMER
USFET 482.

END

TRANSLATION OF DOCUMENT No. VI-3981
OFFICE OF CHIEF OF COUNSEL FOR WAR CRIMES

CONFIDENTIAL

Frankfurt a.M., 6 April 1938.

Some notes concerning my stay in Vienna.

Tuesday 29 March 38, a.m.: Discussion with Director General
(Generaldirektor) J o h n of the Oesterreichische Credit-
anstalt, and P o l l a k.

Discussion of the changed situation which induces
John to agree on principle to cede the majority of Skoda-
Wetzlar shares to the I.G. I mentioned about 70%, but left
the question open. JOHN (whose position, I heard later, is
endangered) does not want to be blamed for having disposed
carelessly of large share holdings. Being aware of this
tendency, obviously to be maintained by any eventual successor,
I proposed that an accounting company should audit the
accounts and that their report should serve as a basis for the
selling price. Better prospects of the works in the future -
expected by JOHN - shall be taken into account, insofar as
beside the normal selling price of the shares there will be
issued a bonus - coupon (Genusschein) valid for a number of
years, at a nominal price and a maximum interest rate still to
be fixed. JOHN agreed to this suggestion as it helps us to
pass a dangerous corner. He asked us, on request from POLLAK,
to delegate in our capacity as large shareholders Mr. SCHILLER
I to the executive board (Vorstand) of Skoda-Wetzlar. A letter
to that effect was sent two days later to Mr. SCHILLER; formal-
ly this appointment has to be approved by a decision of the
supervisory board (Aufsichtsrat), which due to the resignation
of the Jewish members is not in a position to act at present.
We shall recommend to elect Dr. HAAGER to the supervisory board
(Aufsichtsrat) and in case, the number of members as required by
the articles of association should not yet be reached, we will
recommend to elect another man of the I.G. Furthermore we shall
propose Dr. von TONGERATZ as titular director with power of
attorney (Prokura) in the Skoda-Wetzlar as an assistant to Dr.
HAAGER.

Tuesday, 29 March 38, p.m.: Visit with minister of commerce,
F i s c h b o e c k.

We told Mr. FISCHBOECK about our plans, stressing the
point that we are not here

(Page 2 of the original)

to exploit the situation, but to do some constructive work. Mr.
FISCHBOECK accepted our proposals favorably and asked us to
have Mr. JOHN submit to him a short report, which was done the
following day. He emphasized that he was in close contact with
Mr. KEPPLER, but that no decision could be made before 10 April.

Wednesday 30 March 38: Discussion with Dr. V o e s o n n e y o f
of KEPPLER's office.

State Secretary KEPPLER was on a trip; in his place Mr. VESSELMAYER received us and he reported to him about our plans. The reaction was quite favorable; -he said, that he couldn't give us "carte blanche", but that under the present circumstances the combination Skoda-Wetzlarwerks/Nobel-Concern might very well be the proper one. I also explained to Mr. VESSELMAYER, that there is no reason for concern, if the I.G. should be forced by the situation to send some of their members into the executive and supervisory boards of Skoda-Wetzlar and Deutsch-Metrol. This would be necessary in order to maintain activity and give assistance. The official point of view, to employ Austrians, where ever possible, is known to us. We have already taken this official point of view into account, when we have trained some Austrian gentlemen already for several years. I emphasized, that no material interest for the I.G. non delegated to a supervisory board is involved, as any dividends paid to them will be deducted from their I.G. income. All those men, could be recalled later on, after the final adjustment it being well understood that we, too, will be interested to have a corresponding Austrian representation in the final set-up, when the whole plan is completed.

Saturday, 2 April, evening: I was also received by State Secretary Mr. KEPPLER, at the Hotel Imperial. I gave him a short report about our activities in Vienna. His reaction was also favorable he mentioned only, that it was not desirable that I.G. should buy all the small chemical plants in Austria.

I took advantage of the opportunity - pursuant to a cue from Mr. KEPPLER - to sound him on the attitude of

(Page 3 of the original)

German authorities as to exerting influence on enterprises in Sudeten-Czechoslovakia. KEPPLER was of the opinion that such an exertion of influence was quite desirable, but should not cost too much. The whole matter should not be considered by us from the point of revenue, because in his belief the economic prospects for Czechoslovakia were not good, as she might be barred from the South-Eastern countries. I hinted, of course, at Aussig, being aware that Dosek already recently had made confidential inquiries, whether we would be interested in buying some Aussig shares by way of Dynamit Nobel Pressburg. We also heard in Vienna from different sources that Czech enterprises are already beginning to dispose of some of their holdings in Sudeten-Czechoslovakia. KEPPLER asked me, to report to him at Berlin at my earliest opportunity on Aussig more in detail. Evidently he is very much interested in the idea. I explained to him the important role Aussig played in the South-West and also, that it wouldn't do to bar Aussig from its markets; that would mean competition in our markets and consequently a cut in the supply of foreign currencies.

Thursday, 31 March, I visited, together with Dr. HÄGGER, Hoosbierbrau, which impressed us very favorably.

The rest of the time was filled with discussions about the Anilin-Chemie.

The following changes were initiated by a discussion with Attorney RICHTER (cousin of Minister FISCHBOSCH):

The Anilinchemie will be liquidated. To this end a resolution of Deutsch-Werke where the shares are deposited, is necessary. But Deutsch-Werke is not in a position to act. Consequently, it is planned, to install Dr. HÄGER as director of Deutsch-Werke by a resolution of the supervisory board; also to delegate Mr. SCHILLER I to the supervisory board of Deutsch-Werke. Anilinchemie will be replaced by a new establishment, the "Ostmark" Chemikalien-Werke A.G. All interested parties fully agreed, that the outward appearance of independent firms should be maintained.

(Page 4 of the original)

Temporarily, after the resignation of Roth and Usterberg, these are the new assignments to the Anilinchemie:

| | |
|--|---|
| Schiller I | Delegate of the Supervisory board to the executive board. |
| Moes-v. Seidler } Dr. v. Pongratz } | Titulary directors |
| v. Consruch } | (Handwritten) Procuration |

Furthermore temporarily, motivated by tactical considerations, as a liaison man to the Party and the Authorities:

Eng. Karl G. Schiller.

This appointment was made on the express request of the Zofl. but it is envisaged to bring Mr. Schiller II later on into the Theresfölder Metallwerke, probably as a titulary director.

The question concerning v. PONGRATZ' salary was settled. Besides, the circumstances concerning Moes-v. Seidler were cleared up.

Furthermore,

Dr. v. LUETZENDORFF

received an appointment to the Anilinchemie, without any special title, for personal and other administrative matters.

Schiller I will not take care, as until now, of the current business, but has the supervision. Moes-v. Seidler remains in charge of sales for Austria. V. CONSRUCH takes over the negotiations of agreements and will also maintain the internal connections with I.G. representations in the South-Eastern countries. Dr. v. PONGRATZ will be mainly active in the field of technical introduction of our products in Austria and the South-Eastern countries. Furthermore he is at Dr. HÄGER's disposal and being the Prokurist (confidential clerk) of Skoda-

-4-
TRANSLATION OF DOCUMENT No. WI-3981
Cont'd

Ketzler and the chemical section of the Oesterreichische Nobelwerke.

The above settlement may give us the assurance, that in Vienna everything - according to human estimation - will go smoothly.

(signed) KEMPFER.

Enclosures:

- 1) correspondence with Director General Dr. JOHAN, Vienna.
- 2) memorandum on a new order of the chemical big industry in Austria for the KEMPFER office.

(handwritten pencilled notes):

W.I. (returned to me)
Dr. Ilgner
Dr. Weiss
Travel Folder No.

END

CERTIFICATE OF TRANSLATION

I, Dr. HORN, Civ. 20004, hereby certify that I am thoroughly conversant with the English and German languages; and that the above is a true and correct translation of document No. WI-3981.

9 April 1947.

Dr. HORN,
Civ. 20004.

TRANSLATION OF DOCUMENT NO. VI - 7390
OFFICE OF CHIEF OF COUNSEL FOR EAR
CHIEFS.

Stamp: Ref. stock
Handwritten note: Powder Plant Skoda Werke

GUNTHER SCHILLER

Vienna,
111, An Hauptstr.
10
Telephon U 13-5-
26
illegible initials

Stamp: O.Dir.Dr.J.
OKE
Dr. Friedl }
Dr. Pirtscher } 3 initials
Dr. Schnosseer }

Vienna 3 April 1938

To
Management of Oesterreichische Creditanstalt-Bankverein

V i e n n a I
Schottengasse 8

Gentlemen:

I refer to the telephone discussion I had with your
General-Direktor Dr. J o n e s , in the course of which I
confirmd receipt of your letter of 31 March 1938. At the
same time I was able to inform you that the Vorstand of
I. G. Farbenindustrie Aktiengesellschaft has in the past
consented to by joining the Vorstand of the powder plant
Skoda-Werke-Jetzer A. G. provided you formally confirm your
consent as promised.

In the meantime, Dr. Voggenmayer has advised us that
this offer is welcomed by the "Hoppler office".

Next Monday I shall see General-Direktor Engelender and
General-Direktor Pollak in order to take over the work of
these gentlemen and hand over to me and I should like
to ask permission to call on the gentlemen of your Vorstand
next week as well.

Heil Hitler!

(signature) G. Schiller

CERTIFICATE OF TRANSLATION

I, Mona A.M. Holcomb, NEP 34387, hereby certify that I am
thoroughly conversant with the English and German languages
and that the above is a true and correct translation of the
Document No. VI - 7390.

22 August 1947

Mona A.M. Holcomb
NEP 34387

TRANSLATION OF DOCUMENT No. NI-4456
OFFICE OF CHIEF OF COUNSEL FOR WAR CRIMES

I.G. BERLIN NW 7.
Unter den Linden 82

To:

the Members of the Commercial Committee.

| Your Reference | Your Communication of | Our Reference: | Day: |
|----------------|-----------------------|---|--------------|
| | | Office of the Commercial Committee Co/Ed. | 16 May 1938. |

Subject: Austria.

Referring to our two letters of the 7 and 12 inst. we inform you that as a result of the negotiations conducted in Vienna with the State Commissar for Economics the appointment of the commissary supervisors, Herr Ing. F.O. SCHILLER and S.A. Sturmführer Freiherr von ODEGA has been cancelled on Friday, 13 inst. 12 o'clock.

Herr Dr. GATTISBAU has been provisionally nominated for the execution of the necessary measures and for liaison with the Vienna authorities.

Herr Dr. HIGNER will give a detailed report at the next meeting of the Commercial Committee on 24 inst. We would ask you not to take any measures regarding personnel and organization in Austria until that date, without first conferring with Dr. GATTISBAU, with whom you can get in touch through the Anilinchemie Aktiengesellschaft, Vienna.

OFFICE OF THE COMMERCIAL COMMITTEE

(signature:) FRANK-PARLE

To Herren:
Dir. Dr. J. JENSEN, Wiesbaden,
Min. Rat Dr. BURI, Frankfurt/Main,
Dir. Dr. DUISBERG, Leverkusen,
Dir. FEINDEL, Berlin SO 36,
Dir. Dr. GLOBEL, Leverkusen,
Dir. HANSEN, Berlin NW 7,
Dir. Dr. KUEHN, Leverkusen,
Dir. Dr. KUGLER, Frankfurt/Main
Dir. RIEGER, Berlin NW 7,
Dr. WEISS, Frankfurt/Main.

I.G. BERLIN NW 7
Unter den Linden 82

To: the Members of the Commercial Committee.

| | | | |
|-----------------|-----------------------|---|------------------|
| Your Reference: | Your Communication of | Our Reference: Office of the Commercial Committee Gs./E1. | Day: 12 May 1938 |
|-----------------|-----------------------|---|------------------|

Subject: Austria.

We refer to our letter of the 7 inst. and inform you, that we just received a telegram from Dr. ILGMER from Vienna, in which we are asked to instruct all I.G. offices not to decide until further notice any question of organization in Austria, without first getting in touch with Herr Dr. ILGMER.

In view of the importance and urgency of the matter we at once notified you by teletype as follows:

"Following our letter of 7 inst. concerning Austria we herewith notify you of the following telegram just received from Dr. ILGMER from Vienna:

"Please instruct immediately all I.G. offices that until further notice no question of organization in Austria will be decided without contacting us previously"

and ask you if any cases of this sort should occur to get direct or through us (Bureau of the Commercial Committee, Dr. FRANK-FAHLE or GASS) in touch with Dr. ILGMER, Hotel Imperial, Vienna".

OFFICE OF THE COMMERCIAL COMMITTEE

(signature:) FRANK-FAHLE

To Bureau:
Dir. Dr. ANDERHUB, Wiesbaden,
Min. Rat Dr. RUEL, Frankfurt/Main,
Dir. Dr. C. DUISBERG, Leverkusen,
Dir. FEINDL, Berlin SO 36,
Dir. Dr. GEORGE, Leverkusen,
Dir. HANSEN, Berlin SW 7,
Dir. Dr. KUHNLE, Leverkusen,
Dir. Dr. KUGLER, Frankfurt/Main,
Dir. RIEGER, Berlin NW 7,
Dr. WEISS, Frankfurt/Main.

TRANSLATION OF DOCUMENT No. NI-4456
CONTINUED

I.G. FRANKFURT
Teletype Centre
Eschment-05-Room 950
Tele. 2270. Telephonic Reception: 5347

TELETYPE from Berlin
Recipient:

Received by:

RLH L NL 116 12.5.33 14.30 - Director WAIBEL Pfn -

FOLLOWING OUR LETTER OF THE 7 INST. CONCERNING AUSTRIA
WE HEREBY NOTIFY YOU OF THE FOLLOWING TELEGRAM JUST RECEIVED
FROM MR. DR. ILKNER FROM VIENNA: "PLEASE IMMEDIATELY INSTRUCT
ALL I.G. OFFICES, THAT UNTIL FURTHER NOTICE NO QUESTIONS OF
OCCUPATION IN AUSTRIA WILL BE DECIDED WITHOUT CONTACTING
ME PREVIOUSLY AND WE MAY ASK YOU, IF ANY CASES OF THIS SORT
SHOULD OCCUR TO GET DIRECT OR THROUGH US (BUREAU OF THE COMMERCIAL
COMMITTEE, DR. FRANK-PAUL ON CASE) IN TOUCH WITH DR. ILKNER,
HOTEL IMPERIAL, VIENNA". - OFFICE OF THE COMMERCIAL COMMITTEE/
RLH.L

Handwritten: Please turn over!

TRANSLATION OF DOCUMENT No. NI - 4456
CONTINUED

(page 4 of original)

Handwritten:

according to a telephone conversation of 12 May 1938 with Director Dr. KUGLER, the telegram from Dr. TIEBER, respectively from the Bureau of the Commercial Committee for Color Groups (Farbensparte) is immaterial, the measures we have taken being in accordance with the agreement concluded in Vienna on 11 May 1938.

(Signature illegible)

12 May 1938

(page 5 of original)

I.O. BERLIN NW 7
Unter den Linden 82

To the Members of the
Commercial Committee.

| Your reference | Your letter of | Our ref. | Date |
|----------------|----------------|---|---------------|
| | | Bureau of the Commercial Committee FF/Ksch (Frank-Schle) | 7 May 1938 |

Re: Austria.

In conformity to the law of the Austrian Provincial Government relating to the appointment of Commissioners and commissary supervisors, of 13 April 1938, by the State Commissioner for Economy, Ingenieur RAFFELBERGER, or rather by Stabsleiter Dr. BILGERI as his deputy, Engineer Karl Otto SCHILLER and S.A. Sturmfuehrer Freiherr von ODELGA have been appointed to commissary supervisors for the following firms, effective as of 6 May 1938:

Anilinchemie Aktiengesellschaft
Detag,
Vedepha,
Aifa,
Oesterr. Dynamit Nobel A.G.
Carbidwerk Deutsch Metrol,
Continental Company for applied Electricity,
Oesterr. Kunstduenger- und Schwefelsaure Fabriken,
Pyrochemie G.m.b.H.,
Pflanzenschutz A.G.,
Indanthrenhaus Wien.

(page 5 of original, cont'd)

When the appointment of the two commissionary supervisors had been brought to our knowledge and Mr. Guenther SCHUELER, Vienna had given us personally some inside-information about Austria, we had a thorough discussion with the Generalreferent of the Reich Ministry of Economics, Praesident KEHRL, who at the time is the Plenipotentiary for the Reich Ministry of Economics with the Reich Commissioner for Austria, Gauleiter BUECKNER. Praesident KEHRL explained that he was not able to form any opinion on the whole matter from here. Immediately upon his return to Vienna, however, he would take up the matter with the Commissioner of State for Economics with the Reich Governor,

(page 6 of original)

- 2 -

Ingenieur RAFFELBERGER, and he expressed his desire for a continuation of to-day's discussion in Vienna, where he will ask Dr. VESSEMYER of the Zuppel Staff to participate. Dr. ILNER, Dr. GATTINEAU and Dr. PRENTZEL will be present at these conferences in Vienna from Tuesday on.

Praesident KEHRL informed us that at this conference in Vienna all problems of organization in Austria and South Eastern Europe will be broached, and that all decisions, including the question of amalgamation of Skoda-Wetzlar will depend upon a fully satisfactory solution of all the problems involved. Now that these conferences have been concluded, we consider the situation as very difficult, of principal importance in its consequences.

In view of the urgency of this matter I should very much appreciate, if you would instruct the gentlemen dealing with the affairs of Austria and the South Eastern European countries to submit us without delay any relevant information. On Monday 9 instant we shall contact the various gentlemen by telephone, in order to reach an agreement in regard to the transfer of the material.

Heil Hitler,
I. G. FARBEINDUSTRIE AKTIENGE-
SELLSCHAFT
BUREAU OF THE COMMERCIAL COMMITTEE.

signature: FRANK-JAHLE

TRANSLATION OF DOCUMENT No. NI - 4456
CONTINUED

(page 3 of original, cont'd)

- 2 -

to:

Dir. Dr. Andershub, Wiesbaden
Min. Rat. Dr. Buhl, Frankfurt-Main
Dir. Dr. C. Duisberg, Leverkusen,
Dir. Feindol, Berlin SO 36,
Dr. Grobel, Leverkusen,
Dir. Hanser, Berlin NW 7,
Dir. Dr. Kuchne, Leverkusen,

Dir. Dr. Kugler, Frankfurt-Main,
Dir. Rieger, Berlin NW 7,
Dr. Weiss, Frankfurt-Main.

CERTIFICATE OF TRANSLATION

20 June 1947

I, HOFFMANN Robert, Dir. No. 1 876 hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of the document No. NI - 4456.

HOFFMANN Robert,
1 876.

- 6 -
"END"

106

Draft

Berlin, 24 May 1933

To the Staatskommissar for Private Enterprises,
(Staatskommissar fuer Privatwirtschaft),
Engineer Walter Rafelsberger,
Wallauaplatz,
Vienna I.

Dear Sir,

With reference to our letter of 9 April 1933 to Staats-
sekretar Keppeler, we have to give you the following infor-
mation:

Two firms occupy leading positions in the wholesale
chemical industry of Austria by reason of the amount and
importance of their production. These are: Carbidwerk
Deutsch-Matrei A.G., belonging to the Konzern Dynavit Nobel
A.G. Troisdorf; and the gun-powder factory Skoda-Wetzler
A.G., the majority of which is owned by the Oesterreichische
Kreditanstalt.

Carbidwerk Deutsch-Matrei A.G. owns the following plants
and/or Konzern companies in Austria:

1) Carbidwerk Deutsch-Matrei A.G.

Capital: S 2,800,000
Plants: Deutsch-Matrei/Brenner (closed down)
Brueckl (Carinthia)
Products of chlorine-, alkali-elektrolysis and their
derivatives.

2) Continentale Gesellschaft fuer angewandte Elektrizitaet
(applied electricity)

Capital: Sfrs. 2,400,000
Plants: Landeck and Wiesberg (power plant)/Arlberg.
Products: Calcium carbide and ferro-silicium

3) Oesterreichische Kunstduenger-Schwefelsaure- und
Chemische Fabrik A.G. (fertilizers, sulphuric acid
and chemical works)

Capital: S 1,200,000
Plant: Deutsch Wagram/Lower Austria
Main products: Superphosphates, sulphuric acid.

(page 2 of original)

Skodawerke-Wetzler owns the following plants and/or
Konzern companies:

1) Pulverfabrik Skodawerke-Wetzler A.G.

Capital: S 7,000,000
Plants: Moosbierbaum, Heiligeneth near Tulln,
Lower Austria.
Main Products: Inorganic acids, heavy chemicals,
nitrogen products and superphosphates.

- 2) Chemische Fabrik Nagemann, Seybel & Co. A.G.
Capital: S 1,000,000
Plant: Liesing/Lower Austria
Products: Inorganic acids and heavy chemicals.

Detailed negotiations for a merger of these plants under the management of Farben have already been in progress for more than a year and were nearing conclusion in February of this year. The return of German Austria to the Reich makes this matter more urgent, as the chemical industry of the Ostmark is now confronted with a number of great, new tasks.

In view of conditions in the Altreich, those products (heavy chemicals) the transport of which is expensive in comparison to the material cost will in the meantime be manufactured in the Ostmark itself. It must be remembered in this connection that, in order to work Southeast Europe intensively, recourse must be had in the first place to the production centres nearest at hand - i.e. the Ostmark.

The chemical industry in the Ostmark will be further revived by the fact that a big increase in all trades must be expected in this area, so that the present demand will grow considerably.

Finally, it must also be borne in mind that the Four Year Plan for Austria, still to be announced by official quarters, will entail further large demands in the field of chemicals.

(page 3 of original)

Existing production centres will be mainly utilized to meet this increased demand.

From these points of view we expect a big increase in the following products, which are already being manufactured by the firms mentioned above:

Sulphuric acid
Hydrochloric acid
Sulphates
Chlorine
Caustic soda solution
Superphosphates
Carbide
Ferro-silicium
Fuller's earth, etc.

It will be necessary to convert some of these plants - e.g. electrolysis and perhaps sulphuric acid as well - although their equipment has hitherto proved adequate to cope with the demands made on it, to other processes, in order to reach the standards of quality and quantity required today.

In addition, some new branches of production are expected to be started, as, for instance:

Carbon disulphide and
Some of our new exchange manufacturing substances.

(continued)

TRANSLATION OF DOCUMENT NO. VI - 9831
OFFICE OF CHIEF OF BUREAU FOR WAR CRIMES

The extent of the demands made by the armament industry and the Four Year Plan will be decided by the heads of the State.

The existing chemical industry of Ostmark will not be able to fulfill these assignments unaided. Farben possesses ample experience and knowledge of processes and is prepared to make the same available.

In order to push forward with these plans, we must obtain permission from official quarters to acquire the stock majority of Skodawerke-Wetzler, which is still in the hands of the Creditanstalt. The Oesterreichische Creditanstalt-Fr. Bankverein has informed us that it is ready in principle to conclude this transaction.

(page 4 of original)

The advantage which this represents for all concerned consists in the fact that it will be possible for us to distribute the new branches of production to the best advantage, in accordance with existing installations, and with due consideration of their geographical situation, to the consumer localities; to carry out new projects either in one of the existing production centres or in new centres to be established; and to follow out a program of work arranged with due regard to the respective capacities of the plants belonging to the Skoda-Wetzler-Konzern and the other companies: Deutsch-Matrei, Continentale and Wagram.

We think that this could be arranged by merging all these production centres in a

Donau-Chemie A.G.

which would be responsible for the allocation and execution of the production program and a second new company to be established, namely, the

Donau-Chemikalien-Handels-Gesellschaft.

This company will itself sell the products of Donau-Chemie A.G., the products of the chemical branch of I.G. Farbenindustrie A.G. and other influential chemical enterprises of the Reich and the Ostmark; and will also work on the promotion of exports to the South-East.

Our report may be summarized in the following requests to sanction:

- 1) the acquisition of the stock majority of Skodawerke-Wetzler through the purchase by I.G. Farbenindustrie of the shares owned by Creditanstalt.
- 2) a merger of Carlswerke Deutsch-Matrei and Skodawerke Wetzler in Donau-Chemie A.G.
- 3) the liquidation of Anilin-Chemie A.G.
- 4) The establishment of the new company Donau-Chemikalien-Handels-Gesellschaft.

Heil Hitler!
I.G. FARBEINDUSTRIEGESELLSCHAFT

TRANSLATION OF DOCUMENT NO. MI-9831
OFFICE OF CHIEF OF COUNSEL FOR WAR
CRIMES (continued)

CERTIFICATE OF TRANSLATION

I, Mona A.M. Macleod, MEF 38347, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of the Document No. MI-9831.

3 September 1947

Mona A.M. Macleod
MEF 38347

TRANSLATION OF DOCUMENT NO. III - 9624
OFFICE OF CHIEF OF COUNSEL FOR WAR
CRIMES.

COPY.

The State Commissar in Private Economy
Dr.31/Pr.V.3526/38.

Vienna, 2 June 1938
1, Ballhausplatz 2.

To the

I.G. Farbenindustrie Aktiengesellschaft

Berlin.

You are herewith authorized to purchase the stock of Skoda-Werke Wetzlar A.G. which is in the possession of the Creditanstalt-Wiener Bankverein in Vienna.

Furthermore I authorize the transfer of the Carbide-Werke Deutsch-Wetzel A.G. and of the Skoda-Wetzlar-Werke A.G. as well as of the Dynavit-Werke A.G. to the corporation which is to be promoted under the name of Donau-Chemie A.G. Lastly you hereby receive the authorization to promote the Donau-Chemikalien-Handelsgesellschaft.

I also agree to the liquidation of the Anilin-Chemie A.G.

Hail Hitler!

The State Commissar in Private
Economy

(signed) Dr. Bilgeri.

CERTIFICATE OF TRANSLATION

I, DOROTHY E. PLUMMER, USFET 482, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of Document No. III - 9624.

13 September 1947

DOROTHY E. PLUMMER
USFET 482.

(E N D)

111

I.G. FARBEINDUSTRIE AKTIENGESELLSCHAFT, FRANKFURT (MAIN) 20

Confidential

Special Bookkeeping
on the premises.

Legal Department Chemicals 22 July 1939.

Promotion of Banauchemie A.G. Vienna.

For special reasons an agreement was made with Attorney Dr. Walther Richter, Vienna, 1, Am Hof 6, who has taken over the office of Dr. Seyss-Inquart, according to which he will give legal advice for a period of 2 years beginning 1 June 1938 for a monthly remuneration of 1,000.- Reichsmarks. We request that the first 3 monthly installments amounting to a total of 3,000.- Reichsmarks as well as a sum of 1,000.- Reichsmarks on the first of each month from 1 September 1938 to 1 May 1940 be paid into the postal savings account of Attorney Dr. Walther Richter, Vienna, No. B 172 355.

For the time being we request that these sums be debited to the intermediate account which was agreed on with Herr Frey for the costs of promotion of Banauchemie A.G.

Legal Department Chemicals
signed: Dr. Mayer-Wegelin.

Dr. JW/Hta.

C o p y .

CERTIFICATE OF TRANSLATION.

I, DOROTHY E. PLUMMER, USFET 482, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of Document No. NI - 9523.

10 September 1947

DOROTHY E. PLUMMER
USFET 482.

(E N D)

COPY

To the

Oesterreichische Creditanstalt-
Wiener Bankverein
Attention Director Dr. Pfeiffer.

VIENNA I
Schottengasse 5/8

Management

at present Vienna III
Heumarkt 10,
10 June 1938.

Draft of agreement Creditanstalt/I.G. Farben.

With reference to the telephone conversation which
the undersigned had with you, we are sending you attached
the draft mentioned.

I. G. FARBE INDUSTRIE AKTIENGESELL-
SCHAFT.

1 enclosure.

To certify correctness of copy:

CREDITANSTALT-BANKVEREIN
Sekretariat

(signed) D. Leyer

(page 2 of original)

S.L./Uni

COPY

Draft.

A g r e e m e n t

between

The Oesterreichischen Creditanstalt-Wiener Bankverein,
Vienna, Schottengasse 5/8

and

The I. G. Farbenindustrie Aktiengesellschaft,
Frankfurt/L., Gruenburgerplatz,
the former referred to as "Creditanstalt" in short
and the latter "I.G."

INTRODUCTION

The Creditanstalt owns nominal
shares of Pulverfabrik Skoda-Wetzlar A.G., which like its
subsidiary company, "Wegemann, Seyber & Co. Aktienges.",

100% of whose capital stock is owned by Pulverwerke Skoda-Wetzlar, is engaged in the production and sale of various chemicals.

I.G. concerns itself, among other things, with the production of the same chemicals and also sells these on the markets of Pulverwerke Skoda-Wetzlar and Wagnemann, Seybel & Co. A.G. Apart from this, I.G., through Dynamit-Nobel A.G. vorm. Alfred Nobel, Troisdorf, which belongs to its concern, owns an interest in "Carbidwerk Deutsch-Osterei A.G.", Vienna I, Schuberting 6, which are the same type of business in the same area.

The economic conditions which have been changed through the incorporation of Austria into the German Reich make it appear desirable to combine the above Austrian chemical factories under the management of I.G. in order to ensure their future development in this way. On its application I.G. received the authorization

(page 3 of original)

of the State Commissioner in Private Economy (Staatskommissar in der Privatwirtschaft), Dr. Ing. Hafelsberger, (Vienna, 2 June 1938) for the purchase of the shares of Pulverfabrik Skodawerke Wetzlar A.G. and for the combination of this firm with the Carbidwerk Deutsch-Osterei A.G.

The Creditanstalt has decided to transfer the shares to I.G. in order to make the technical and business assistance of I.G. available to the works of Pulverfabrik Skodawerke Wetzlar A.G. After this has been agreed the Creditanstalt and the I.G. conclude the following agreement:

AGREEMENT:

- 1.) Creditanstalt sells I.G. the nominal shares of Pulverfabrik Skodawerke Wetzlar A.G. Vienna I, Klasse 1, which it holds.
- 2.) I.G. undertakes to pay an appropriate purchase price, which will be jointly calculated on the basis of the net assets of Skoda-Wetzlar A.G., as soon as the "Deutsche Revision & Treuhändergesellschaft" has concluded the audit which ordered and in this way has determined the data necessary for the calculation of the net assets.
- 3.) The transfer of the shares takes place immediately after the joint determination of the purchase price, against payment of this price.
- 4.) The costs of this agreement and of the transfer of the shares are borne by I.G.

TRANSLATION OF DOCUMENT NO. NI - 11259
OFFICE OF CHIEF OF COUNSEL FOR WAR CRIMES
(continued)

Vienna,1938.

Oesterreichische Creditanstalt

Wiener Bankverein.

I.G. Farbenindustrie Aktiengesellschaft

To certify correctness of copy:

CREDITANSTALT - BANKVEREIN

Secretariat

(signed) D. Mayer.

CERTIFICATE OF TRANSLATION

I, D.L. Galewski, ETO 34079, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of the Document No. NI - 11259.
23 September 1947

D.L. Galewski
ETO 34079

-3-

-END-

115

TRANSLATION OF EXCERPT OF DOCUMENT NO. MI - 7393
OFFICE OF CHIEF OF COUNSEL FOR WAR
CRIMES

I.G. Farbenindustrie Aktiengesellschaft
Management

Berlin NW 7
Unter den Linden 32

Translator's note: stamp:

15 July 1938

Entered Sch.

19 July 1938

processed : illegible

initial Obb

Stamp: Dr. Heller initial
Dr. Friedl
Dr. Pritscher
Dr. Jones
Dr. Pfeiffer initial

To
Kreditanstalt Wiener-Bankverein
attention: Director Dr. Pfeiffer

V A 2 2 2 2 .

We confirm our telegram of today as follows:

"Confirm telephone conversation just held according to
which give firm offer to buy Stoda Metzler shares in your
possession at price of hundred eighty percent.

I.G. Farbenindustrie Aktiengesellschaft
Fischer."

We would like to get your early reply whether you are willing
to take definite steps to sell the shares. We suggest
having a discussion with you in Vienna to settle the business.

Heil Hitler

I.G. FARBENINDUSTRIE AKTIENGESELLSCHAFT

(signature) Krueger

(signature) illegible

CERTIFICATE OF TRANSLATION

I, Mona A.M. Macleod, NEP 34397, hereby certify that I am
thoroughly conversant with the English and German languages
and that the above is a true and correct translation of an
excerpt from the Document No. MI - 7393.

21 August 1947

Mona A.M. Macleod
NEP 34397

G. G. Foster
MILITARY TRIBUNAL NO. _____
CASE NO. *17*
Prosecution Document Book No. _____

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Exhibit



INDEX TO DOCUMENT BOOK LIII

COUNT II - SPOILIATION A U S E R I A

| Exhibit No. | Document No. | Description of Document | Page No. |
|----------------|-----------------|--|----------|
| | HL-8577 | Secret memo from Ohlinger (Secretary of the Direktionsabteilung Chemikalien) to Farben Lawyer Mayer-Negelin giving an excerpt from the minutes of the 54th meeting of the Chemical Committee of 25 July 1938 on Farben's acquisition of 86 of the shares of Soods-Wetzler A.G. | 1 |
| | HL-7395 | Letter from Ilgner and Buhl to Kreditanstalt of 6 October 1938 evidencing contract between Farben and Kreditanstalt concerning the sale of the shares of Soods-Wetzler A.G. | 2 |
| | HL-5194 | Affidavit of von Schmitzler of 10 March 1947 (already in evidence as prosecution Exhibit, contained in special Document Book relating to defendant von Schmitzler); s.o., on Farben's participation in Austrian chemical industry. | 4 |
| | HL-9455 | Affidavit of Hefflinger of 3 May 1947 on Farben's acquisition of Soods-Wetzler shares. | 4 |
| | HL-9163 | Affidavit of Farben director Günther Schiller of 25 July 1947 on Farben's acquisition of the shares of Soods-Wetzler A.G. | 13 |



| Exhibit No. | Document No. | Description of Document | Page No. |
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| NL-7384 | Letter from Kreditanstalt to Mr. Lewald (DCC's employee) of 31 May 1947 listing more than twenty stock participations which Kreditanstalt had to transfer to German industrial firms after the Anschluss. | 55 | |
| NL-11351 | Affidavit by Kurt Krueger, 25 September 1947, explaining a chart of the Austrian enterprises. | 58 | |
| NL-9693 | Excerpt from Ferber's Vowi Report No. 2643 on "Konzerngruppe A.G. Dynamit-Nobel, Bratislava", of 22 September 1957. | 60 - 69a | |
| NL-8588 | Report of Ferber lawyer Meyer - Vogel on "The Chemicals Organization in Austria" of 22 June 1938; revealing, i.e., the arguments to be used by Ferber in order to acquire Deutsch-Werke at a fraction of its value. | 70 | |
| NL-8343 | Contract between Dynamit-Nobel A.G., Bratislava, on one hand, and Ignatz A.J. Kreisler and Ferber, on the other, concerning sale by Dynamit-Nobel A.G. Bratislava of the shares of Austrian Dynamit-Nobel A.G. and Chemische Werke Deutsch-Werke, of 9 July 1938. | 73 | |

- NI-9530 Letter by Farben director, Frank-Fahle and Kersten (Kersten's deceased assistant and lawyer) of 18 July 1938 re: Farben's application for a license in order to acquire the Austrian Dynamit-Nobel A.G. and Deutsch-Matrei. 76
- ~~NI-9531~~
8653 Minutes of oral agreement between Dynamit Nobel A.G. Bratislava on one side and Dynamit A.G. Troisdorf and Farben on the other on the sale of the shares of Deutsch-Matrei and Austrian Dynamit Nobel A.G. of 14 October 1938. 84
- NI-9532 Minutes of oral agreement between Farben and Dynamit Nobel A.G. Bratislava re: non-competition clause, of 14 October 1938. 85
- NI-9531 Letter from German Foreign Exchange Control Board to Farben of 1 December 1938 licensing Farben's purchase of the shares of Austrian Dynamit Nobel and Deutsch-Matrei. 86
- NI-2547 Excerpt: File note concerning "Discussion with Mr. Philipp A.G. Dynamit Nobel, Preseburg, re: appointment of new Vorstand and Directors for Preseburg (a Bratislava)", signed Fischer, 14 November 1938, together with accompanying letter of E.H.Fischer. Dated November 15, 1938. 91
- NI-9586 Copy of file note of Kersten (deceased Farben lawyer Berlin N.W. 7) of 13 December 1938; attached thereto copy of letter from Kersten and Terhaar (chief of Wigo) to the Ministry of Economics of 12 December 1938 on Farben's acquisition of the shares of Austrian Dynamit Nobel and Deutsch-Matrei. 95

| Exhibit No. | Document No. | Description of Document | Page No. |
|----------------|-----------------|---|-------------|
| | II-9623 | Letter from Viennese lawyer Richter to Meyer-Wegelin (Farben lawyer) of 21 April 1939, attached thereto file note on discussion with Meyer-Wegelin of same date; p.o. concerning Czech rejection of Farben's application for a license in order to acquire the shares of Deutsch-Metrol and Austrian Dynamit Nobel. | 38 |
| | II-9634 | Letter from the Slovakian National Bank to Dynamit Nobel A.G. Bratislava of 21 June 1939 re: license granted to Farben to acquire the shares of Deutsch-Metrol and Austrian Dynamit Nobel A.G. | 101 |
| | II-9625 | Minutes of Community of Interest Agreement between Farben, Skoda-Wetzler, Deutsch-Metrol and other Farben subsidiaries of 17 January 1939. | 143 |

| Exhibit No. | Document No. | Description of Document | Page No. |
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| | VI-9629 | Letter from Venetian lawyer Richter to Mayer-Wegelin (Farben lawyer) of 21 April 1939, attached thereto file note on discussion with Mayer-Wegelin of over date; p.c. concerning Czech rejection of Farben's application for a license in order to acquire the shares of Deutsch-Matrei and Austrian Dynamit Nobel. | 38 |
| | VI-9634 | Letter from the Slovakian National Bank to Dynamit Nobel A.G. Bratislava of 21 Juni 1939 re: license granted to Farben to acquire the shares of Deutsch-Matrei and Austrian Dynamit Nobel A.G. | 101 |
| | VI-9625 | Minutes of Community of Interest Agreement between Farben, Skoda-Wetzlar, Deutsch-Matrei and other Farben subsidiaries of 17 January 1939. | 113 |

| Exhibit No. | Document No. | Description of Document | Document Book | Page |
|-------------|----------------------------|---|---------------|------|
| | NI-9628 | Letter from Viennese attorney Nuska to Mayer-Wegelin of 19 May 1938; attached thereto draft of contract between Deutsch-Matrei and one of its Jewish employees Emil Kaeufler concerning the letter's severance pay. | 105 | |
| | NI-9627 | Letter from Wintersberger (Donau-Chemie) to Mayer-Wegelin of 22 May 1939 re: general settlement of claims of dismissed non-Aryans. | 107 | |
| | NI-8875 8576 | File note of Mayer-Wegelin of 20 June 1939 on "the Chemical Interests in the Ostmark" giving a description of Donau-Chemie A.G. and Carbidwerke Deutsch-Matrei. | 108 | |
| | NI-9626 | Report of Mayer-Wegelin to the South-East Europe Committee of 24 June 1939, concerning Donau-Chemie A.G.; stating a.o. the value of Deutsch-Matrei. | 109 | |
| | NI-8895 8573 | Affidavit of Mayer-Wegelin of 4 June 1947 on Farben's acquisition of the shares of Carbidwerke Deutsch-Matrei and Austrian Dynamit-Nobel. | 113 | |
| | NI-11370 | Affidavit of Farben Director Kurt Krueger of 22 August 1947 on Farben's acquisition of Deutsch-Matrei and Austrian Dynamit Nobel, and on Farben's motives in acquiring said shares. | 115 | |

I.G. FARBE-INDUSTRIE AKTIEGESELLSCHAFT, FRAUENBURG (A.G.)
Verkaufsgemeinschaft Chemikalien
(Sales Combina Chemicals)

State: STRICTLY CONFIDENTIAL

Our Reference Date Page
Dir. Abt. Chem. - /No,

To Dr. Laver-Nogelin

Extract from the minutes of the 54th meeting of the Chemical Committee (Chemikalien-Ausschuss) held on 25 July 1938 in Berlin.

The Chemical Committee (Chem) approves the purchase of approximately 96% of Skoda-Wetzlar shares at 180%. Negotiations are approaching a successful termination.

We must endeavor to establish new manufactures at Skoda-Wetzlar and to modernize the existing plants.

Jointly with Dynamit A.G. vorm. Alfred Nobel & Co., Troisdorf, we have purchased the stock of Carbidwerk Deutsche-Lawoi A.G., Vienna, and Dynamit Nobel A.G., Vienna from Dynamit Nobel, Pressburg, against payment of 25 installments of R. 228,700. — i.e. a total of 5,717,500 Reichsmarks. These annual installments are written off against the dividend which Pressburg has to pay to Troisdorf.

Dr. Tuchs will discuss with Troisdorf how I.G. can participate in the administration of the non-Austrian enterprises of Dynamit Nobel A.G., Pressburg.

Initial: Ohliger

CERTIFICATE OF TRANSLATION

I, Wend A.L. Inelcoed, NEP 34397, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of the Document No. MI - 8577.

22 August 1947

Wend A.L. Inelcoed
NEP 34397

Stamp: Entered
3 initials

Vienna, 6 October 1938

To
Oesterreichische Creditanstalt
Wiener Bankverein.

V I E N N A

Stamp: Ref. sasrea - sale
Obb (Sic)

We received the following letter from you:

We refer to the negotiations we have had with you and confirm that, subject to the consent of the Ministry of Economics and Labor in Vienna, we have concluded the following agreements with you:

We sell to you and you buy from us
176,766 shares in the powder plant Skodawerke-Metzler
A.G. at a nominal value of 35 Schillings each and quoted
at 280% - i.e. for the sum of 7,424,130.--Reichsmarks
(11,136,195.--Schillings).

The necessary approval of the Property Control Office
(Vermögensverkehrsstelle) was given in a communication
dated 2 June 1938 No. 3696/39.

of
In conclusion/the above sales agreement we charge your
account with

7,424,130.--Reichsmarks, value as of today
and deposit in your depot as their equivalent:

176,766 shares in powder plant Skodawerke-Metzler
A.G. at a nominal value of 35 Schillings each, dividend
payable in 1938.

With regard to payment of the aforementioned purchase
price we made the following agreement with you:

1.) Payment of the purchase price is to be effected
in five consecutive annual instalments payable on 30 Sep-
tember of each year, the first instalment being payable
on 30 September 1939 and amounting to

(Page 2 of original)
1,424,130.--Reichsmarks
the other instalments to amount to
1,500,000.--Reichsmarks each.

2.) Interest on the debt will amount to
5% per annum
interest to be calculated half-yearly at the end of each

TRANSLATION OF DOCUMENT NO. VI - 7395
OFFICE OF CHIEF OF COUNSEL FOR THE
GERMANS (continued)

half-yearly period. The only charges will be in respect to sums paid out by ourselves, e.g. postage, official stamps etc.

The final amounts, regardless of the aforementioned repayment instalments, will be paid by you in each case within two weeks of receipt of our balance sheet at the latest.

3.) In order to mobilize the amounts outstanding, you will hand over to us on demand your acceptances at three months on drafts drawn and endorsed by you, not bearing date of issue. We shall be authorized to negotiate these bills at any time. We shall take care of their acceptance at maturity, insofar as our claim under the terms of payment listed under 1.) are not yet due for repayment and we receive renewal bills made out in similar form in due course. We ourselves will bear the costs of issuing the drafts.

Please confirm this letter in the same words and note the above information.

Heil Hitler!

(signed) Buhl, Ilgner

CERTIFICATE OF TRANSLATION

I, Mona A.W. Macleod, REF 38347, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of the Document No. VI-7395.

22 August 1947

Mona A.W. Macleod
REF 38347

AFFIDAVIT

I, GREGG VON SCHMITZLER, member of the Vorstand of I.G. Farben-Industrie from 1923 until 1945, after having been warned that I will be liable to punishment for making a false statement herewith state the following under oath of my own free will and without coercion.

1. In the first four paragraphs of my affidavit of 4 March 1947, which I swore to before representatives of the Office of Chief of Counsel for War Crimes, I have stated the true circumstances under which I gave information, by means of statements and interrogations, concerning the I.G. Farbenindustrie and other matters to Allied investigators in 1945. These four paragraphs should also be considered as an introduction to this affidavit. Before I consider further statements or interrogations which I subscribed to during 1945, and which I have been shown and which I have re-read between 10 February 1947 and the present time. When I subscribed to these statements or interrogations in 1945, the matters to which I subscribed were true to the best of my knowledge and belief at that time. The errors I now find after re-reading these documents are set forth ^{below} after the text of the respective statement or interrogation.

2. Between July and September 1945 I signed a three page statement entitled "Statement re the activity of I.G. abroad in the years 1935-1938", the text of which follows:

Field vs. My tradition and following the trend of business I.G.'s general policy was much more directed to the west and Southwest of Europe and to Germany than to the European East and South-East. All the great problems of chemical development lay in the Anglo-Saxon and the Latin countries, there alone a great literature scientific as well as of a practical nature existed and there alone the competition of great and powerful enterprises was to be met. Of course a substantial export has always been made to the direction of the S.E. countries, for dyestuffs as well as for pharmaceuticals the succession-status of the former Austr.-Hungarian monarchy was an old ~~field~~ field of activity and the same applies to quite a lot of chemical products, - but the idea of industrialisation was far away from the conception of I.G. officials.

The only company in I.G.'s domain which showed an industrial activity in these countries was Dynamit-Prussburg. But Prussburg

(signed) G v Schmitzler

itself as a factory was nearly deserted and only Prossburgs subsidiaries in Austria, Hungary, Romania and Yugoslavia were better occupied.

It was Hitler who from the very beginning, i.e. from 1933 on, tried to develop the South-East as an annex of Germany's economy and to attach it to the German industrial potential. But how little of this program in the first years has been realized is best shown by the fact that up to 1938 not a single individual project has been taken up by I.G. - In the same time I.G. in the field of dyestuffs and chemical products alone undertook the following in the Western and Southwestern countries of Europe and in America:

Italy: a substantial enlargement of the plants

- 1) at the home:
polyvinylchlorid
new dyestuffs (Vat and Naphthol A.M. range)
necessary products
- 2) Manchi
Igepon and other auxiliary products
- 3) Two factories for Daim in cooperation with Pirelli were started
- 4) Gallia: a small factory for Magnesium after the electrolytic procedure
- 5) Lithuania with Montecatini.

France: Licenses given to the Kuhlmann-group in the dyestuffs-field, into the cartel agreement -

Licenses given to Ugine in the magnesium field

England: Uni-laver-contract on Igepon for cleansing purposes (1938)

Magnesium-plant with I.C.I. (1938)

Trafford-Park Chemicals Co. with I.C.I. (1938)

(page 2 of original)

Spain: new plans elaborated for the enlargement of P.M.C.E.
(intermediates and dyestuffs in the Azo-Range)

new plans elaborated for the enlargement of Flix
(new electrolyse)

both problems were held up by the civil-war and could be taken up actively only in 1940.

U.S.: Close technical co-operation with E.A.P. in the field of dyestuffs, intermediates and A₂D₂-Photo-products.

Magnesium Co. with Alcoa

License for phosphoric-acid to Monsanto

different licensing agreements with Dupont in the dyestuff- and the plastic-field.

(signed) G v Schnitzler

Latin America:

Although greater plans did not materialize I.G. was strongly impressed by the constant development of "Dürral" and apart of a certain enlargement of 2 small dyestuff-factories in Brazil different smaller industrial enterprises in Argentina, Brazil and Columbia were started.

It must be admitted that I.G. was not very successful with these little factories, but the desire to get industrially a foot down in South-America was strongly advocated by the entire I.A.

All these projects did not demand a substantial capital. The government was most reluctant in granting the permission for the use of foreign currency. We had to finance the share capital, including to us by the way of intermediaries, machines, ordered in Germany, all kinds of equipment supplied by I.G., prepaid licenses and so on. In granting the permission for taking the participations in England (Magnesium plant and Trafford Park) the government undoubtedly wanted to do England a favour; it was the time that Hitler believed England would not hinder him in his plans for the European East. -

But taking the before-mentioned activities altogether one clearly recognises how strongly I.G. remained on the line of developing a world business in close teamwork with their competitors, who in Europe at the same time were their mortal-partners. -

Practically most part of the work of the leading commercial people has been dedicated to that purpose, the domestic business not demanding such an uninterrupted endeavour of the I.G.'s first representatives. The strong trend directed to the South-East only took hold of I.G. after the Anschluss of Austria had been carried through. I.G. if it wanted to keep up its leading position in, what up to then had been its export-business to the S.E.-countries had to take up the manufacturing in the various fields of which formerly has been reported. - It was a policy which to I.G. was proscribed by the government and which inside the I.G. was in no way unanimously accepted. The outbreak of the war stopped these discussions and so

(page 3 of original)

vi. the government had made up its plans on the full use of every industrial possibility in these countries and the demands of the "Vier-Jahres-Plan" expressly included the creation of large scale factories in the newly conquered (Poland, Czechoslovakia) and the political dependent countries (Hungary) the activity of I.G. abroad became entirely and in the first line directed to these countries.

How far this industrialization will be kept up, will depend on the future economic structure and development of them.

Will they fall back to small units regulating their non-ventures in the way as they did it before 1939, most of the factories will be of little use. The size of Auschwitz and Heydobrek as well as of Moosbierbaum and Prossburg is adapted to a great home market. Thus the problem will be to make their production available for the entire East and South-East. Only by following such an economic policy the Benz and Hydrogen-works in Auschwitz, Heydobrek and

(signed) G v Schnitzler

Mosbierbaum as well as the Vistra-factory in Pressburg have a chance to survive and to become instruments of a peace-economy to the greater advantage of these countries and to the acquiring of a higher standard of living of their population. Additionally they will need the constant technical help of I.G.'s scientific laboratories as they are not owning appropriate installations within themselves.

(signed) G. VON SCHITZLER.

This statement still appears to me to be entirely true and correct to the best of my knowledge and belief, except that in the middle of the page 2 where I spoke of Hitler's "plans for the European East", I meant "South East" as becomes clear when one reads further in the statement. My thoughts concerning the future developments of the factories of Auschwitz, Heydbrunn, Mosbierbaum and Pressburg, as stated in the last two paragraphs of the statement, were given at the special request of the American investigators.

2. On 15 August 1945 I signed a four page statement, the text of which follows :

Beginning with the peaceful conquest of Austria and Czechoslovakia (Sudetenland) and continuing with the military conquest of the remainder of Czechoslovakia, Poland, Norway, Holland, Belgium, and France (with the peaceful conquest of Denmark following in between) and also in regard to the South-Western countries, it was the primary purpose of the German government to incorporate the economies of these countries to the purposes of Germany. This undoubtedly meant that these countries must work for the German war machine. The principle from the first was "Gleich" but that these countries must do it themselves. I remember that Mr. Schottorfer, Minister-Director of the Reichswirtschaftsministerium announced this principle in a meeting of the Reich (advisory committee of the Reichsgruppe Industrie) after the conquest of France. I.G. also acted in accordance with this slogan.

The rapid accommodation of the Austrian industry to Goering's 4 year plan was amazing. Based on the water power of Austria which, of course, was relatively expensive, a substantial industry of manufacturing products in the metallurgical field was at once started. There were at least three big enterprises between Vienna and the Czechoslovakian frontier created for the manufacturing of processed goods in the metallurgical field, and I.G. itself was planning in last summer in connection with the Mosbierbaum plant of magnesium to become interested in one of them. 12,000 t of magnesium being projected for Mosbierbaum, that should mostly be converted into finished goods in Austria itself.

Furthermore the oil production in Austria was developed and at a certain time one had hopes that the oil fields in the

(signed) G v Schitzler

24

north of Vienna could become a second Pennsylvania with the yield of 6 - 7 million tons of oil. I.G. took certain interest in that field too in the form of participations on which Dr. Bützfisch at once reported in the Vorstand. He can give every detail about it. Later on the excessive hopes did not materialize, and, I think, the Austrian production remained at somewhat at 1 million tons. I.G. in Moosbierbaum did erect a hydrogenation plant which was destined to transform this Austrian oil and eventual oil coming from the Southeast up the Danube into highly octan gasoline for aviation purposes.

In the nitrogen field a plant of 50,000 t.N was built up in Linz which was financed in the form of an "Delage", taken from the producers in accordance with their participation in the turnover of nitrogen.

Still the Austrian industrialization in such a sense was only at the beginning because for the future one expected to get cheap coal from upper Silesia. This, of course, only could be materialized after the construction of the Oder-Donau Canal. In Austria water-power and coal was very expensive because of the high costs of transportation and, of course, the water-power was not yet written off. But for the future one expected that both items for an extensive industrialization would be obtainable at competitive costs to the other German "Industrie-Reviers". The highly skilled Austrian population offered a labor potential which the government had decided to use to its full extent. The contribution of Austria to the war machine was very substantial, more in finished goods than in so-called commodities. Goering became very unpopular in Austria because, when delivering there

(page 2 of original)

his first speech in spring 1938, he said: "Now it's over with the "Kampflichkeit" (effort), you must spit in your hands and go to work," which was resented because in Austria a highly developed finished industry has always been existing.

I.G. took the newly founded Donau-Chemie A.G. as an "overcoat" to buy huge land property in the so-called Tulln field which was a small city about 20 - 30 km up the Donau from Vienna and was excellently situated for industrial development. - Goering-Werke erected iron and steel plants, I think, in Linz which were connected with the nitrogen plant.

vs. In general one always wanted in Austria to have Austrian companies on the spot and that was the reason too that I.G. took Donau-Chemie as an overcoat, but under that overcoat the big manufacturing plants in Moosbierbaum should be run directly and were run directly by I.G., so far for instance the hydrogenation plant and the projected plant of Moosbierbaum, magnesium.

The German industry tried to penetrate and generally did it in the same way as I.G. did it. "Reichsdeutsche" were not popular in Vienna, generally spoken, and it was interesting to observe that most of them had left Austria again when war came to its end.

In Czechoslovakia the private industry in general was not allowed to develop an industrial activity, all the available lignite mines being taken over by Herman Goering Werke, and so was the huge plant in Brnx where more oil was produced than in Louisa. They wanted to achieve 100,000 tons

All of this was done by the Gearing works, and this was based on the lignite districts of Brditz and Dux where some 16 - 18 million tons of lignite were mined.

The Skoda works were developed enormously. German Gearing Werke took a participation in the Skoda Werke as well. The Czechoslovakian contributions in the direct "Rüstungsindustrie" were very important. Apart of Skoda, Prager Eisen, Ringhoffer, and then the famous iron works near Morava Ostrava in which the Rothschilds held 50% which were also taken over by Gearing Werke, did supply an enormous contribution to the war machine.

The way by which these different Nazi governmental instrumentalities like the Gearing Werke and the S.S. entered Czechoslovakia's industrial economy, was highly to be blamed as it materialized practically as a looting of private interest.

I.G. did not participate in this whole domain and remained solely on its 50% participation on Chemische Werke Aussig-Pilsenau. These works developed only modestly because their coal and power basis was too small to allow strong development and apart of that Chemische Fabrik von Heyden was neither willing nor able to make money investments. Gearing took everything over for himself so that there was no opportunity of the I.G. technicians to develop anything in Czechoslovakia.

In regard to Poland at first Gearing wanted to take everything. He laid hand on the whole mining industry as far as it was not German private property or American one. He did

(page 3 of original)

not want the so-called big industry to be participated. A word is reported of him: "Natürlich Goebbels's Erben, die wollen wieder erben, aber daraus wird nichts, und die I.G. bekommt schon gar nichts." But at least things developed in quite another way as I.G. was asked by the government or by Krauch to start in an enormous industrial development in creating two entirely new works, one in Heydebrock, in an old German territory, that means a territory which was allotted to Germany by the plebiscite in 1921, near the frontier, and the second in Auschwitz between Kattowitz and Krakau on Polish territory. The industrial conditions because of favourable location were so promising that we could not decline the invitation to start new industries in those places. The two biggest items in it were the burn in Auschwitz and then, of course, the hydrogenation in Heydebrock and in Auschwitz. Heydebrock is practically another Oppau.

I have already made a statement regarding I.G.'s taking over of the Polish dyestuff industry.

vs./for
Magnes-
ium, Al-
& clay. vs./the
second
one

In Norway two big enterprises were planned for the Luftwaffe, one through the Reichsgesellschaften called first NORDAG and later on HANSA Light Metal for Aluminium, and the second NORDISCK LEMMETALL, a jointed factory of I.G., Norsk Hydro, and Luftwaffe/. The first was given up and never materialized, but after having spent hundreds of million marks for the plant, of which I.G. was interested, ~~it~~ was destroyed by air raids and never came to work.

(signed) G v Seitzler

The idea was to use the Norwegian water power which offered still great possibilities, and the clay necessary for the production of aluminium was of Norwegian origin just as well.

In regard to Holland and Belgium there is no doubt that the industries of these countries were also used for the German war machine.

The French contribution to the German war machine was tremendous. First in the agricultural domain; it was said that from France to Germany more cereal products came than from all the eastern territories together. But the industrial performance of France was also very important mostly in such finished articles where not much coal and power were used. In France the contribution of the chemical industry for the aforementioned reason was more or less modest. I would cite especially the tire industry and the motor-car industry, especially the Renault Works, for their tremendous contribution to the German war machine. In the first part of the war textile industry based on important stocks could also give a substantial contribution.

In regard to the South-eastern countries the same principle of the complete accommodation of their industries to the German war machine was aimed. But the industry capacities of these countries being relatively poor, the main concentration was in regard to agricultural products and certain raw materials, like pyrites from Mingöör in Serbia, and then chrome ore from Bulgaria and Greece, and, of course, oil from Rumania.

The different Dynmit-Nobel participations in these countries supplied the axis army with powder and explosives.

(page 4 of original)

Side by side with Germany's tremendous utilization of the industries of the conquered countries for the German war machine there came to be a great German penetration of the economy of the conquered countries largely by such governmental instrumentalities as Goering and the S.S. I.G. played an important part in adapting the economy of the conquered countries to the purposes of the German war machine. Also I.G. acquired companies, increased its participations in other companies, and made important new capital investments in the conquered countries.

(signed) G. von SCHNITZLER."

This statement still appears to me to be entirely true and correct to the best of my knowledge and belief, except that :

(a) In the third paragraph of the first page, "highly octan" should be "high octane". I should add that I am not entirely sure if high octane was really produced in Housbierbaum.

(b) In the sixth full paragraph of second page, I reproached the German Goering Works by stating that the way it entered Czechoslovakian

(signed) G v Schnitzler

Industrial economy materialized practically as a looting of private interest. This was an opinion of mine which is not backed up by information given me by Dr. Paul Fleiger and Dr. Wilhelm Voss, both members of the Vorstand of the Goering Works, while we were confined together during the last year. These gentlemen informed me that the manner in which the Goering Works acquired industrial property in Czechoslovakia was absolutely correct and that they did not do any looting.

(c) At the top of page 3, I stated that "I.G. was asked by the government or by Krusch". In other words I consider Krusch identical with the government in this connection because he did this as head of the "Justiz Wirtschaftsausschuss", a government position, and not as chairman of I.G.'s Aufsichtsrat.

(d) To the third full paragraph on page 3, I should add that the bauxite for the Norwegian plants had to come from the continent.

(e) To the last paragraph of the statement, the paragraph on page 4, I want to make several points clear. I.G. did not want to take any property away from persons in the occupied countries, but I.G. did invest in the occupied countries on order of the government. When I wrote that "I.G. played an important part in adapting the economy of the conquered countries to the purposes of the German war machine", I did not mean to indicate that that was all deliberately done on our own initiative. It was done on government order.

4. On 11 September 1945, I signed a statement entitled "Statement re other private firms having acquired property in the conquered states", the text of which follows :

Deutsche Bank in Österreichische Kreditanstalt, Wien
Österreichische Unionbank, Prag

Mr. Flick: Patschek - lignite - works Prag and Sudetenland

Mr. Bergmann: Leichtmetallwerke Engersau near Wien

Vereinigte Stahlwerke, 50% in Schlier-Stahlwerke, Wien
Düsseldorf

(signed) G v Schmitzler

| | |
|--------------------------------|---|
| Vereinigte Aluminium Werke | Wiener Leichtmetallwerke Wien |
| Chemische Werke Goldschmidt | Chemische Werke Draibach (Kärnten) |
| Continental Gummi, Hannover | Seemperit-Werke, Wien |
| Doggen/Auer | Societe Torres rarer (Alsace) |
| vs. Kali-Chemie | Societe Chimique de Thann (Alsace) |
| Chemische Fabrik von Heyden | Chemische Werke Oderberg |
| All German oil-Gies. | in oil fields around Vienna |
| Krupp and Kammesmann | different interests in Czechoslovakia and Austria. |

Frankfurt, Sept. 11th, 1945

(Signed) G. von Schnitzler.

Of the before mentioned property

the investment in Oest. Kreditanstalt formerly was with the
Rothschild-group

" " " the lignite - works did belong to Mr. Petschek - Prag

The transaction was made on a private basis with foreign currency

The Alsation companies had been seized and were sold to the
purchasing companies by the Civil-service Strasbourg

As far as the other companies are concerned I am not sufficiently
informed, but these transactions have been made.

The oil-concessions near Vienna partly will have been foreign-owned,
Chemische Werke Oderberg must have been Polish possession.

(signed) G. von Schnitzler."

This statement still appears to me to be entirely true and correct to the
best of my knowledge and belief. If I thought the matter over, I might be
able to recollect some additional acquisitions.

5. On 26 July 1945, I signed a one page statement entitled "Donau-
Chemie A.G.", the text of which follows :

"I have very little to say about the past.

Although disposing only of a relatively small volume and
mostly unmodern factories the firm of Skoda-Wetzler was
an old-established enterprise in Austria. Still there could
not be any doubt about the necessity for I.G. to acquire
these factories, when Austria in 1938 became annexed to
Germany.

(signed) G v Schnitzler

The majority was held by the Wiener Creditanstalt and this bank succeeded to let I.G. pay a very substantial price for it. - Volume of business and earning capacity never corresponded with that price. But the possession of Donau-Chemie was of invaluable importance for I.G. as a stepping stone for entering in the field of the rapidly increasing industrialization of Austria.

Under the name of the Austrian Co. "Donau-Chemie" we acquired the huge property of Moosbierbaum and started the great installations for sulphuric acid and the new power works.

Furthermore on order of the Luftwaffe we began with the erecting of a magnesium plant of 12,000 tons. And under its own name I.G. itself created a great factory for the hydrogenation of crude-oil which was successfully working up to all supposed (?) destruction by air-raids.

vs.

In comparison with these great enterprises, of which the magnesium plant of course never came to a start as the Luftwaffe stopped all work on it since summer 1944 the original business of the different old factories of Donau-Chemie played only an inferior role.

(played)

As partner in every conventions and united with the sale of I.G.'s chemical products still its value was much higher than the sales-figures did express. - After some years of losses I think in the last 2 years Donau-Chemie could break even.

Frankfurt-am-Main, July 26th 1945.

sign. G. von Schnitzler."

This statement still appears to me to be entirely true and correct to the best of my knowledge and belief.

S. On 30 July 1945, both Dr. Max Higner, another member of I.G.'s Vorstand, and I signed a record of a joint interrogation concerning the acquisition of the Skoda-Wetzlar company, the text of which follows:

Q. Prior to the Anschluss, when I.G. was negotiating for the acquisition of the Skoda-Wetzlar Werke, it never knew exactly with whom it was negotiating. Is that right?

A. (Higner) No. We negotiated with the Kredit Anstalt.

Q. But you said that you did not know who owned the Kredit Anstalt?

A. I certainly did not know.

Q. So that when you negotiated for the acquisition of the firm, you didn't know who owned the firm which you wanted to buy?

A. We negotiated with the Kredit Anstalt in Vienna.

(signed) G v Schnitzler

- Q. In negotiating with the Kredit Anstalt, didn't you know who owned the Kredit Anstalt?
- A. If I negotiated with the Kredit Anstalt bank in Vienna you must remember it is a very large institution, and I did not know who owned it. And I think it has no importance at all for the negotiations.
- Q. Then how do you know who has the power to sign for the Kredit Anstalt?
- A. The members of the board.
- Q. Who were the members of the board prior to the Anstalt?
- II. A. I remember the man I have already mentioned, Mr. Gohm. It might be that Mr. Friedel and Mr. Fritsche were also already directors before the Anschluss, but I am not quite sure on this.
- Q. But after there was a change of ownership in the Kredit Anstalt, you did know who were the owners. Is that right?
- A. Because this was something that was done in the public press. Everybody talked about it, so naturally, it became evident.
- Q. What was the "This" you were talking about which became evident?
- A. That the Reichs Kredit Gesellschaft and the Deutscher Bank stepped into the Kredit Anstalt.
- Q. Didn't the way they stepped in become public information?
- A. No. Because that was negotiations between the Bank and whoever it might be.
- Q. What did you read in the newspapers that caused you to say it became public knowledge?
- A. It was not in the newspapers.
- Q. Where did you hear about this?
- A. In Vienna.
- Q. Who told you?
- A. I can't tell you.
- Q. Then tell exactly what you heard?
- II. A. It was information not so precise. I saw it later on myself that the Deutscher Bank and the Reichs Kredit Bank played a role, because when I was asked to enter the board of the Reichs Kredit Gesellschaft, I cannot remember whether it was the end of 1938 or later on, I ~~should say~~ ^{should say} that the Reichs Kredit Gesellschaft and the Deutscher Bank were represented by personalities. (At this point of confusion in answer of Ilgner, von Schnitzler at the direction of interrogator translated Ilgner's German for the record as follows).

(signed) G v Schnitzler

(page 3 of original)

Mr. Iigner was invited to attend a meeting of the board of the Kredit Anstalt and there he saw representatives of the Reichs Kredit Gesellschaft Bank and the Deutsche Bank, and from that he deduced that these banks had an interest in the Kredit Anstalt of Vienna.

Q. (To Iigner) Did you become a member of the board of the Kredit Anstalt?

A. Yes.

Q. And while you were a member of the board, you never heard any mention nor ever re-read any documents which would have told you how the Deutsche Bank and the Reichs Kredit Gesellschaft acquired ownership of the Kredit Anstalt?

A. No sir, I was never told these questions.

Q. Is it not a fact, Mr. von Schnitzler, that a trustee was appointed for the Kredit Anstalt? And is it not a fact that it was largely a Jewish-owned bank?

II. A. (von Schnitzler) As far as I could remember, the Kredit Anstalt Bank was always closely connected with the Rothschilds, and I always understood that what the Deutsche Bank required in the Kredit Anstalt were the shares belonging to the Rothschild interests. They were always very closely connected, because Louis Rothschild, whom I know very well socially, was president of the Kredit Anstalt.

Q. (To Iigner) Did you know Mr. Iigner, that Mr. Rothschild was president of the Kredit Anstalt?

A. No sir, I really did not know.

Q. Did you ever see any newspaper in which it was stated that the Rothschilds were divested of their interests in the Kredit Anstalt?

A. No. I did not read that.

Q. Did you ever read in any newspaper that Rothschild had an interest in the Kredit Anstalt?

II. A. No. I do have a recollection that Nikolaj required the Rothschild interests. Nikolaj told me about this personally, when I met him occasionally on the train.

Q. So that to recapitulate, Mr. Iigner, when I.G. was negotiating with the Kredit Anstalt before the Anschluss for the acquisition of the Skoda works, you never learned or inquired as to who owned the Kredit Anstalt? Even after you were invited and attended a board meeting of the Kredit Anstalt after the Anschluss and learned that the Deutsche Bank and the Reichs Kredit Gesellschaft Bank were now the new owners of the Kredit Anstalt, you still did not know or did not try to find out who owned the Kredit Anstalt previously? And even after you accepted a position as a member of the board of the Kredit Anstalt, you had never

(signed) G v Schnitzler

and to this day do not know who formerly owned the Kredit Anstalt Bank. Is that right?

11. A. No sir. You asked me about the interests of the Rothschilds in the Kredit Anstalt, and he was a guest of the Kredit Anstalt. I do know there are some Belgian interests because I met a gentleman from this group in a hunting place in Klischer which belonged to the Kredit Anstalt and he was a guest of the Kredit Anstalt.

(at this point, play back of this dates original questions were put to Mr. Ilmer)

- Q. Was there any mention of Mr. Rothschild in my first question to you in regard to the ownership of the Kredit Anstalt?

A. (Ilmer) No sir. It was later.

- Q. Then why did you not tell us about the Belgian owners the first time?

A. Because you asked me who owned the Kredit Anstalt and owing to my knowledge means who has a majority of interest in a company. I don't remember that the Belgian group was the deciding group. I really do not know in my imagination, that the Kredit Anstalt was owned more or less in the market.

(von Schnitzler) What I think he may be trying to say is that what was publicly known was that the Rothschild interests had a very large interest in the Kredit Anstalt Bank of Vienna, even under Schussnig,

(page 3 of original)

It was publicly known that the Kredit Anstalt Bank ran into financial difficulties and that in order to prevent the crash, Rothschild gave up his own real estate and landed interests and Schussnig was reproached for allowing Rothschild to do so. I am not certain of all the details of the transaction, but what I have just said is public information, except for the part regarding Rothschild's personal sacrifice. (Ilmer) I want to explain how it was possible that I was not informed that the Rothschild group was the deciding owner of the Kredit Anstalt. I never had any information as to who were the owners of the Kredit Anstalt. When I met the Kredit Anstalt the first time I believe being in the year 1932 together with Wilhelm Roth, he told me about the Skoda Works idea. I met a member of the board who was Hofrat. He was Jewish gentleman, together with another man whom I don't remember. But this was only a short visit. Then, I did not see the Kredit Anstalt before 1938 and in the meantime, I was mostly, as a matter of fact outside of Germany. I was in East Asia, then travelled to South America and other continents. In the meantime between 1932 and 1938, I was not in Austria. I was not in particular contact with Austria and when I came the first time to Austria in 1938, the question of whether I.G. was to get the allowance or permit to acquire the Skoda Works was not granted. So that I had nothing particular to do at this time, neither with the Kredit Anstalt or the others, as I was for the reasons stated in Vienna. Because of the troubles we had with the party and then later on the negotiations with the Kredit Anstalt, negotiations had been carried through by Fischer, Gattineau and Kersin, I believe, in contact with the chemical dept. And then after the shares of the

11.

(signed) G v Schnitzler

Skoda Works were bought, it was agreed that the new company the Donau Chemie in which the Skoda Works was merged, should have the Kredit Anstalt as the leading banking contact. A representative of the Kredit Anstalt, Mr. Pfeifer was invited to enter the board of the Donau Chemie, and I was asked to enter the board of the Kredit Anstalt, when I came for the first time to a board meeting of the Kredit Anstalt, I met already representatives of the Reichs Kredit Gesellschaft and the Deutsche Bank, and in this way found proof of what I had heard before, that the Reichs Kredit Gesellschaft and Deutsche Bank had entered the Kredit Anstalt. I can swear I don't know more. It may sound ridiculous, but I don't know. And I can certainly state that never in the board meetings of the Kredit Anstalt, when I was present, was there any talk about who acquired from whom?

Q. What one person invited you to join the board?

- II. A. I believe it was Mr. Fischberg. Later, a letter must have been sent to my office and my secretary ahead of the letter. I was ill at that time. I believe it a letter written by Mr. Fischberg who, well, I am not sure on this, but I think it was sent to my office, but I was not definitely sure.

Q. Do you remember seeing the letter?

- A. I can only say what I remember. I think it was reported orally to me by my assistants or by my secretary.

Q. How did they report it to you? Did they read it to you?

- A. I think I was asked to enter the board of the Kredit Anstalt, and I think I only then they must ask the permission of Dr. Schmitz, as nobody was allowed to enter the board of another company without the consent of the President, Mr. Schmitz, and I got the information that Mr. Schmitz had agreed.

Q. Did you speak to Mr. Schmitz about this?

- A. I think later on, when I came back. Yes.

Q. Did you have any idea that the Kredit Anstalt was partly Jewish owned?

- A. (Ignor) Yes, it was partly Jewish.

Q. Did you ever inquire or find out what happened in regard to the Jewish shareholders of the firm?

- A. No.

I have read the record of this interrogation and swear that the answers therein given by me to the questions of Mr. Weissbrodt and Mr. Devine are true.

M. ILGNER
(Signature)

vs.

(signed) G. von Schmitzler."

In this interrogation Dr. Ilgner was principally being questioned.

I assisted principally by translating or summarizing for him at one or

~~(signed) G. von Schmitzler~~

two points. However, the answers I gave still appear to me to be true and correct to the best of my knowledge and belief.

7. On 8 August 1945, I signed a one page record of an interrogation concerning the Skoda-Wetzler company, the text of which follows :

Q. What was the importance of the Skoda Wetzler Works to I.G.?

A. It was the only factory producing chemicals in Austria. It made such ordinary chemicals as acetic acid, bleaching powder for cleaning oil, super-phosphates and carbide.

Q. So, in acquiring Skoda Wetzler Works, I.G. controlled the chemical industry in Austria.

A. Yes. It must be explained that the Dynamit Pressburg which was a subsidiary of Dynamit Treisdorf, which in turn was controlled by I.G., also had an interest in the chemical industry of Austria. However, Danau Chemie was a one hundred percent I.G. concern, and Dynamite turned over two of its factories to the Danau Chemie, and as a result, Dynamite interests in the chemical field of Austria became very small.

Q. From whom did I.G. acquire the Skoda Wetzler Works?

A. It acquired them from the Vienna Kredit Anstalt Bank.

Q. Now, prior to the Anschluss, who had the controlling interest in the Kredit Anstalt Bank?

A. The Rothschilds were the decisive influence in the bank. I don't know whether or not they owned more than 50% however, because a lot of shares were bearer shares on the market.

Q. How did the Deutsche Bank and the German Kredit Anstalt Bank acquire the Rothschild interest in the Kredit Anstalt?

A. That I don't know.

Q. Have you any thoughts on the Subject?

A. Yes.

Q. Do you think that the Nazi Government confiscated the Rothschild interest in the Bank?

A. I presume that is so.

Q. Do you think that the Deutsche Bank and the Reichs Kredit Anstalt Bank then purchased it or acquired it by some way or in some manner from the Nazi govt.?

A. Yes, I think so. From whom else could they have gotten it? I conclude from this that I.G. acquired the Skoda Wetzler Works from the Deutsche Bank and the Reichs Kredit Anstalt Bank, which

(signed)G v Schnitzler

had acquired the Skoda Wetzlar Works by participating with the Nazi Government, in a theft of the property.

I have read the record of this interrogation and swear that the answers therein given by me to the questions of Mr. Leisbrodt and Mr. Devine are true.

G. von Schnitzler
Signature

Vorstandsmitglied I.G. Farben-
industrie Aktiengesellschaft
(Position in I.G. Farben)

The answers I gave in this record of interrogation still appear to me to be entirely true and correct to the best of my knowledge and belief, except that I now desire to make the following additions or corrections:

(a) In the first line "nitric acid" should be "sulphuric acid".

(b) In the last answer I subscribed to the statement that the Reichs Kredit Gesellschaft and the Deutsche Bank had acquired the Skoda Wetzlar Works by participating with the Nazi government in a theft of the property. I intended to discuss the conclusion expressed in the word "theft" with the American investigators with a view to correcting this conclusion, but I forgot to revert to it thereafter. I knew, of course, that Louis Rothschild had been president of the Osterreichische Kredit Anstalt, that the Rothschilds were closely connected with the Osterreichische Kredit Anstalt, and that Jewish interests in Austrian economy were eliminated by the Nazi government as they had been in German economy. Moreover, I knew that the Osterreichische Kredit Anstalt had the controlling interest in the Skoda Wetzlar Company. However, I did not know and do not know any details concerning how the new management of the Osterreichische Kredit Anstalt was changed by the Nazi government, the Deutsche Bank or the Reichs Kredit Gesellschaft. Whether or to what extent the Rothschilds were compensated, I do not know even now. Therefore, it was an error for me to subscribe

(signed) G v Schnitzler

to the conclusion that the transaction was a theft. Moreover, in requiring Skoda-Wetzlar, I.G. dealt directly with the Osterreichische Kreditanstalt after the new management had been established and I.G. had nothing to do with changing the management. If a German concern had refused to do business with any firm whose Jewish shares had been taken away, it usually could have done no business at all. I.G. actually paid relatively more in acquiring Skoda-Wetzlar than the amount for which the Osterreichische Kreditanstalt had offered to sell to I.G. before the Anschluss.

8. On 5 July 1945, I made a statement entitled "Short statement re acquisition of Kassaig-Falkonau", the text of which follows:

"When it became evident that the Sudetenland would be turned over to Germany in the autumn days of 1938, I.G. approached the Reichswirtschaftsministerium with the proposal that Dr. Angler should be appointed commissioner for the two factories of Kassaig and Falkonau - including their three affiliated lignite - mines - all belonging to the Frager

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(signed) G v Schnitzler

Veroin. The reason for this notice was the following. - It had penetrated that party-circles behind which Konrad Henlein, the party-leader of NSDAP in Sudetenland was supposed to stand, felt the strong desire to terminate such a commissioner on their own account to be taken from their own confidential men.

Incidentally this later on proved to be a man whose relations to the party were not at all as intimate as it seemed to be at first sight - it was Dr. Brunner, Falkenau, a director of the Prager Veroin, who in the first line was a mining engineer and had very little knowledge of chemistry. Still the support for him was strong enough that in the first move he and Kugler were nominated joint commissioners. But Brunner acted, as far as I can recollect, only a very short time. Konrad Henlein seemed to have refused him his agreement and as nobody had objected to Dr. Kugler the latter one remained the only commissioner. - Independently of this Aktion Chemische Fabrik von Heyden in Dresden, Radebeul, had succeeded in getting a first claim from Reichswirtschaftsministerium to negotiate with the Prager Veroin about the acquisition of the tea works and through Dresdner Bank, which on the one hand had a great influence on v. Heyden, two directors of Dresdner Bank being members of the Aufsichtsrat of v. Heyden, and on the other hand was on very friendly terms with the Zivnostenska Banka, Prag, which practically controlled the Prager Veroin - a certain connection between Dresden and Prag had yet been established. When I came to see the man in charge of the Chemical Dept. of Reichswirtschaftsministerium, Dr. Moubert, he only could give me the suggestion to take up the matter with v. Heyden.

Thus together with Dr. von Meer I did approach Dr. Jungel, Chairman of the Vorstand of v. Heyden, and made him the proposal that v. Heyden - I.G. should jointly acquire the tea factory taking them over in the only fair partnership of 50:50 and that the new company to be created should let on lease the dyestuff-department to I.G. on a long term lease.

(page 2 of original)

On this general line an agreement was in a short time reached which, of course, took many months to bring into the appropriate legal form. But already on November 7th Dr. Busch, chairman of the board of directors of Veroin and Dr. Dvornak, general director of Zivnost-Banka came to Berlin to negotiate with the group I.G./v. Heyden the sale of the tea works, the Dresdner Bank acting as friendly intermediary and at the same time as host.

Seldom a great international economic agreement containing so many clauses and covering so many domains has been concluded so speedily as this. In one day the agreement in principle was reached and the lump sum was fixed. In the thirty following days all clauses were prepared and in another 2 days negotiations in Berlin about December 7th, the agreement and all its by-laws were signed. The works were acquired on a basis which provided for a payment of 1 crown cheque for every crown of turnover made by the

(signed) G v Schnitzler

two works. This turnover should only include the business made in Germany and Sudetenland which in round figures was evaluated at some 200 million crown p.m., the remaining 100 million which mainly consisted of business made in the remaining Tschecho-Slovakia - the so-called second republic - should remain with the Verein. The Verein reserved himself the right to continue this business - or from his remaining works in Kraschan, Handlow, and Nardky and/or to buy the necessary products from Aussig and Falkenau - at economic prices as long as his own remaining and the proposed new factories were not yet capable to take over that business out of their own production. - Together with land and mines the total selling price was handled out at 280 million crowns today which corresponded at the rate of 10:1 to 28 million Marks, at the rate of 8:1 to 22,4 million Marks. To this question of exchange I shall revert again in a more particular statement.

The Verein, of which, as said before, the majority was pooled at the Zivna-Bank, the Bank itself and their friends being about 45 - 48 % and Salveys 5 - 8 % had a large range of products, and this range should be kept up, notwithstanding that the 2 main works were being sold out. The Verein furthermore should not suffer in its independency by being cut off from these two works.

Not only should the Verein be entitled to rebuild new factories corresponding to Aussig and Falkenau in his own country, but Aussig and Falkenau had for several years to give the Verein an efficient help and protect the Verein's business.

(page 3 of original)

In a by-law I.G. and Verein signed jointly a document providing for the continuance of their close and friendly relations.

This latter agreement was being uninterruptedly executed up to the very last months. The undersigned once together with Dr. Higner and a second time furthermore accompanied by Leber-Andrew v. Hoider and Kugler visited Peas in November 1940 and in February 1943 and last time a final agreement was reached. -

The discussions both times had a purely economic basis - minutes in Frankfurt available.

July 8th, 1945.

signed: G. von Schmitzler,

PS. The main interest of I.G. in the whole problem was the dyestuff-question. I.G. could not and would not let the factory of Aussig go over to a third party which would be acquiring it with a strong foothold in this domain."

(signed) G v Schmitzler

This statement still appears to me to be true and correct to the best of my knowledge and belief, except that:

(a) In paragraph one of page one, tenth line, there is a typographical error - "to terminate" should be "to delegate".

(b) In paragraph two, page one, next to last line, "Tr. Neubert" should be "Mr. Hulert".

(c) On page two, third paragraph, third line, "owing about" should be "owning about". The typist misread my longhand writing and hence made the above errors in typing the statement.

(d) Concerning the preface on page three, I think this the most interesting part in that it shows that I.G.'s main interest was in the dyestuff question. As soon as the Hussig dyestuff plant became a part of the German economic sphere, I.G. became active to control the Hussig-Falkenau plant because it did not want a dyestuff competitor in the German economic sphere, having always controlled dyestuff production in Germany.

4. On 14 September 1946, I signed a two page statement entitled "Short statement re personalities having handled the transactions Scruta and Hussig-Falkenau", the text of which follows:

vs. "The Scruta was sold to I.G. by Treuhandsstelle Ost. Head of Treuhandsstelle Ost was Mr. Winkler, former mayor of a town in the Prussian Province Posen, I believe it was ~~Wroslaw~~ or Bromberg, which became Polish in 1919. - Mr. Winkler acted under Brunke and Stropmann as financial expert for German banking interests in Holland, Poland a-a-o. Later on he also became trustee for state-owned companies in Germany. - In connection with the Scruta-transaction I saw him only once, when Dr. Worle, the head of the industrial department of Treuhandsstelle and I jointly presented the case to him.

Dr. Worle, formerly Geschäftsführer of Reichsverband der Deutschen Industrie had been dismissed from his post in 1933 and replaced by Dr. Gith. Dr. Worle later on became connected with Yeung.

Both men and their subordinates whose names I have forgotten acted as trustees of the Reich and tried to get the best possible price. On the other hand I.G. had no interest in cutting the price down as I.G. feared nothing more as to be reproached for having deliberately made a bargain.

(signed) G v Schnitzler

Mr. Greifelt was the head of the Amt für Befestigung des Deutschen Volkstums. - As Loda and Zgierz, the latter being practically a suburb of Loda were incorporated in the so-called "Larthagen" the Amt für Befestigung had to give its approval to every transfer of real estate property including all factories.

There were two competitors in the field, favoured with strong party-relations, in order to convince them, it was necessary to explain to Greifelt personally, that a dyestuff-factory could only be run by experts and that these experts only were to be found with I.G. No greasing the palm with all the 3 man bank place.

About the two directors of Dresdner Bank who became active in the purchase of Auesig-Falkenau the following can be said. Mr. Rasche came from a smaller bank in Rhineland-Westfalen and was considered to be closely attached to Mr. Kappler and his circle. He had not to deal in particular with the case of Auesig-Falkenau - but only in a general way with the relations to Lirnstenbank-Bank and probably to other banks as well.

vs.

Mr. Zinsser on the contrary came from the very bottom of Dresdner Bank and had made his career solely by his intelligence and his industry.

(page 3 of original)

Though relatively young he played a prominent roll on the board of supervision of Chemische Fabrik v. Heyden and enjoyed the full confidence of Mr. Jungel, chairman of v. Heyden.

With both men "greasing" was out of question.

Frankfurt, Sept. 14th 1945.

(signed) G. von Schnitzler."

This statement still appears to me to be entirely true and correct to the best of my knowledge and belief, except that there is a typographical error in the first line of page two where "he played" should be "he played".

7. On 11 September 1945, I signed a one page statement entitled "Statement re. Auesig-Falkenau and Parite", the text of which follows:

"The officials of the German Government, who authorized the acquisition of Auesig-Falkenau have been:

Staatsekretär Brinkmann
 (then away in the mean-time)
Ministerialdirektor Schlotterer
Ministerialdirigent Mulert) department "Chemie"
Oberregierungsrat Hoffmann)
all of Reichswirtschaftsministerium.

The directors of Dresdner Bank, having dealt with the question, have been:

(signed) G v Schnitzler

Mr. Rasche
" Zinsser (member of the Board of supervision
of Chemische von Heyden).

The negotiators for Verein have been

Mr. Basch, Generaldirektor of "Verein"
" Dvorzack, " " Zivnostenska Banka.

The authority for the requisition of assets has been given
by Reichswirtschaftsministerium:

Ministerialdirektor Schlettorfer
Ministerialdirigent Kulert
Oberregierungsrat Hoffmann

by Trohandstelle Ost, who negotiated for the government

Dr. Winkler, head of Trohandstelle
Dr. Herle, " " industrial department of
Trohandstelle

by "Amt für Befestigung des Deutschen Volkstums"

Mr. Graefelt.

Frankfurt, Sept. 11th, 1945.

(signed) G. von Schnitzler."

This statement still appears to me to be entirely true and correct to
the best of my knowledge and belief.

11. On 8 August 1945, I signed a two page record of interrogation
concerning the Aussig-Falkenberg Company, the text of which follows:

Q. Prior to the German occupation of the Sudetenland, who owned
the Aussig-Falkenberg?

A. The so-called Aussiger or Frager Verein.

Q. What was the Frager Verein?

A. This is one of the oldest chemical establishments practically
as old as the great mother companies of I.G.

Q. Can you give us some idea of the ownership of this company?

A. The Frager Verein is controlled by a majority group of the
Zivnostenska Bank and Solvay, the Belgium group, and they had
together about 54 percent ownership.

Q. Did I.G. have an interest in this concern?

A. Formerly, no. We bought later a certain amount of shares, a
vs. little ~~more~~ than two percent.

(signed) G v Schnitzler

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- Q. When did you buy them?
- A. We started to buy after the agreement.
- Q. About what date was this?
- A. In the year 1939.
- Q. Now, when the German troops occupied Sudetenland what happened to the Aussig-Falkenau?
- A. There were two commissars, Dr. Kugler of I.G., and Herr Brunner.
- Q. When did I.G. begin negotiations with the Prager Verein for the purchase of the Aussig-Falkenau?
- A. The seventh of November, 1939.
- Q. How were negotiations for the purchase of the Aussig-Falkenau factories from the Prager Verein begun?
- A. The negotiations were made through the Dresdner Bank represented by Rasche and Zinser.
- Q. Was the Prager-Verein informed that it would have to sell the property?
- A. Yes. The Dresdner Bank insisted that the Zivnosenska Bank exercise its controlling influence in the Prager-Verein, to get the Prager-Verein to sell the Aussig-Falkenau.
- Q. What interest did the Dresdner Bank have in the transaction?
- A. The Dresdner Bank is in close relations with the Chemische Von Heyden and Dr. Zinser is on the Aufsichtsrat of Chemische Von Heyden, and Chemische Von Heyden received first claim from the Nazi government to deal with the Prager-Verein.
- Q. So that, in effect you would say that the Zivnosenska Bank was compelled to exercise its controlling influence in the Prager-Verein to get the Prager-Verein to sell the Aussig-Falkenau?

(page 2 of original)

- A. I would rather say "induced".
- Q. Now, how do you distinguish between inducing and compelling?
- A. The Dresdner Bank convinced the Zivnosenska bank that they could not handle or manage the factories which were in wholly German territory.
- Q. If the Zivnosenska bank had refused to do what the Dresdner Bank convinced it to do, what measures would have been taken?
- A. It would be difficult for me to say but no doubt the German government would have sequestered the property and installed commissars to manage it on a permanent basis.
- Q. Were the Aussig-Falkenau factories important chemical and dyestuffs producers?

(signed) G v Schmitzler

A. Yes, I would say so.

Q. Can you give us some estimate of their size?

VS. ... At the time when we bought the works, they had a turnover of about two hundred million crowns in Sudetenland ^{and Germany} and one hundred million crowns in the remaining Czechoslovakian territory. The textile industry was mostly in the German part. In the Czechoslovakian part was the so-called chemical and heavy industry.

Q. In regard to the dyestuffs industry what agreement was made between Chemische Von Heyden and I.G.?

A. We acquired the works jointly on a fifty-fifty basis, and then the newly formed fifty-fifty-basis company Chemische Von Heyden leased the dyestuffs factories to I.G.

"I have read the record of this interrogation and swear that the answers therein given by me to the questions of Mr. Weissbrodt and Mr. Devine are true".

G. von Schnitzler
Signature "

The statements recorded in this record of interrogation still appear to

me to be entirely true and correct to the best of my knowledge and belief.

VS. In my last answer the three words "Chemische von Heyden" should be stricken.

12. On 12 August 1945, I signed a one page statement "To the

attention of Mr. Weissbrodt", entitled "Additional statement re Aussig and

Wald", the text of which follows :

1.) It might be interesting to know how I.G. has acquired the shares of the "Verzin" of which I reported in the hearing re Aussig-Falkenstein.

Shareholders of the Verzin residing in the Sudetenland had objected to the Reichswirtschafts-Ministerium that their interests could be damaged insofar as Verzin eventually could or would not be transferrable. Thus Reichswirtschafts-Ministerium decided that v. Heyden and I.G. had to exchange eventual shares of Verzin belonging to such people against shares of v. Heyden or I.G. at a fixed relation I can't recollect any more in its value. Nearly all Sudetendeutsche shareholders who made use of this authorization did choose I.G. shares, only a small amount was exchanged against shares of v. Heyden. As v. Heyden had no interest to keep those few shares of "Verzin", I.G. took over the whole block. These together with small amounts bought by Dresdner Bank made together less than 3% of the Prager Verzin.

2.) Wald.

I must correct former statements as far as the plant of Wald is concerned. This plant was not taken over by I.G. in the Beratz settlement, but being situated in the General Government this latter at the end of 1943 sold it to a competitor unknown to me. Of course the liquid assets and

(signed) G v Schnitzler

the liabilities had been dealt with beforehand by the "Ermessens". How far raw materials and equipment have been taken over by Brata, I am unable to say. Mr. Schwab will know all the details.

August 12, 1945.

signed: G. von Schnitzler."

Could or would not pay a dividend or that this dividend."

This statement still appears to me to be entirely true and correct to the best of my knowledge and belief. The insert mark "F" should have been inserted three lines higher after the word "eventually".

13. On 29 August 1945, I signed a two page statement entitled "Statement re Prager Verein, the text of which follows:

"In the following I try to recollect the happenings of the summer of 1938 which preceded the annex of the Sudetenland.

The recollection creates a certain difficulty, because my memory of them is completely overshadowed by the negotiations regarding the acquisition of Aussig and Falkenau.

It had been for years customary that the cartel-meetings of the so-called 4 party cartel were held at the following dates:

| | |
|------------|-------------------------|
| March: | Paris - 3 party-cartel |
| | London - 4 party-cartel |
| June: | Basle |
| September: | Paris |
| December: | Frankfurt. |

Thus, I am certain, that in June 1938 we met in Basle and I am also certain, that the question of the relations to the Verein were on the minutes. Also I believe that as an annex to the cartel-meeting we had a meeting - the last one - of the 3 party-cartel with the management of the Verein. However it was, in the month of June 1938 in that there could not be any question of talking about plans, which only much later materialized. - The relations to the Verein at that time were absolutely normal. In July only the crisis about the Sudetenland which gleamed under the surface, became acute and it became evident that Hitler planned for the annex of Sudetenland. Shortly afterwards the British government sent Lord Runciman to Czechoslovakia to study the conditions existing there and to prepare a compromise solution.

Since then it was inevitable that the future of the two factories in Aussig and Falkenau being situated in an entirely German territory became a problem and the standpoint inside the management of I.G. was, that if ever a change in the political status should happen, I.G. must take an interest in these two factories as the importance of the dyestuff-factory in Aussig being closely connected with the rest of the factory concerned, that not a third party could get the control over it.

It could not be foreseen, what the issue of the political negotiations would be, thus definite plans could not be fixed. -

(signed) G v Schnitzler

I.G.'s first interest was to acquire a first right of refusal in the case Aussig would come into German hands, that she was entitled to deal about the question of the future of these factories whatever might happen. In this order of ideas as a first step the proposition has been made, that Dr. Warster for the technical and Dr. Kugler for the commercial side should be appointed as

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v3. "Kommissare", who should take over the management of the two factories as soon as the territorial question was solved. In the meantime the "Sudetendeutsche Partei" had been active in Berlin and at the end of September I was informed by Dr. ^{Sulzer} that in Agloosberg one had the desire that at least one of the Kommissare should be a "Sudetendeutscher". A young employee of H. T., whose name I don't remember, but who is known to Dr. Kugler, brought a Dr. Richter from Kolchenberg to us in the Hotel Adlon and there we got the news that the candidate of the Sudetendeutsche Partei in Reichenberg was a Dr. Brunner, technical director of the Verein's factory in Falkenau. Although we did not know Dr. Brunner, we had no reason to oppose to his candidature and the issue was that the ministry appointed Dr. Kugler and Dr. Brunner jointly as Kommissare. Dr. Brunner of course acted only a very short time, there came a strong opposition against him out of the works in Falkenau and he was compelled to resign as Kommissar. - Later on the Chemische Werke Aussig-Falkenau took him over to Aussig as head of the mines as by profession he was an engineer.

v3. Apart of the question of the nomination of the "Kommissare" it was taken up with the "Reichswirtschaftsministerium" under what conditions and with whom I.G. could take up negotiations for the acquisition of the two factories - always under the heading, that I.G. did not want to run the dyestuff-factory and that this dyestuff-factory was interested in such a way with the rest of the Aussig works that a separation was impossible. We learned from Dr. ^{Sulzer} that Chemische v. Heyden had succeeded in getting the first claim to such negotiations and that we had to address ourselves to them. -

What followed afterwards is known by former statements and interrogations.

Frankfurt, Aug. 19th 1945.

(signed) G. von Schnitzler."

This statement still appears to me to be entirely true and correct to the best of my knowledge and belief

14. I have carefully read each of the 27 pages of this declaration and have placed my signature at the bottom of each page. I have made the necessary corrections in my own handwriting and initialed each correction in the margin of the page. I declare herewith under

(signed) G v Schnitzler

oath that I have stated the full truth to the best of my knowledge and belief.

(signed) Georg von Schnitzler
GEO V W SCHNITZLER

to and signed before me this 10th day of March 1947, at the
Palace of Justice in Wurnberg, Germany, by Georg von Schnitzler, known to
me to be the person making the above affidavit.

J. ECKEL A. SP. ROSEN

U. S. Civilian, Attorney, AGO No. 472307

Office of Chief of Counsel for War Crimes

CE CERTIFICATE

I, EMMA S. UIRBALL, AGO D 150096, hereby certify that the above is a true and correct copy of document No. NI 5194, the original of which is in the English language.

Dated: 26 February, 1947

EMMA S. UIRBALL
U.S. Civ. D 150096

E. D.

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P. Haefliger
1.5.47

re Skoda-Wetzlar

The first overtures for the purchase of Skoda-Wetzlar must date back well before 1933. I remember that Kommerzienrat Wilhelm Both as the head of the Anilinchemie A.G. Vienna who handled the sale for heavy chemicals of the I.G. chemical sale combine for Austria and the South East countries as well as Poland, was friendly with Generaldirektor Pollack of Skoda-Wetzlar. Anilinchemie already then sold some products for account of this firm as a dealer. I always understood that the financial situation of Skoda-Wetzlar was rather weak and that Mr. Pollack would have liked to see the I. G. taking an interest in his enterprise to give assistance both technically and financially. I was not present at those conversations which took place between Kommerzienrat Both and Weber-Andreas and I could not possibly tell what details or ways of procedure were being discussed then among the two. But I know that there was very little interest for this deal for Weber-Andreas because nothing concrete came out of it. The subject emerged several times during these years but always with the same negative result and always used to come to a standstill. The reason was that the competition of Skoda-Wetzlar with our own heavy chemical line, was not at all a disturbing factor, as Kommerzienrat Both saw to it that the sale of such products of Skoda-Wetzlar which could possibly conflict with the ones we imported in the Austrian market, was conducted in a way as to avoid disturbance which satisfied both I.G. and Skoda-Wetzlar. I have the feeling that Mr. Weber-Andreas did not like to say a definite "no" to the offer of Mr. Pollack not wanting to offend either Kommerzienrat Both or Mr. Pollack.

vlg. P. Haefliger

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P. Pfeiffer
(re Skoda-Wetzlar)

Besides there was just the possibility that perhaps a market in Austria could develop for some new product for which the manufacturing in Austria would present advantages and therefore from this point of view it was desirable to leave the door open.

With the increasing shortage of Devisen and the many regulations in respect to them, not only in Germany but also in Austria, Hungary, Romania and Jugoslavia, Kommerzialrat Both from 1933 onwards withdrew more and more from the supervision of the sales activities of Anilinchemie and devoted himself chiefly and from about 1935 almost exclusively to transfer questions with the said countries proving himself an expert for finding ways and means to overcome the countless difficulties which were impairing a normal continuance of sales in the countries entrusted to him.

As all such questions and difficulties were dealt with for I. G. by the Zafi (Finance department Berlin NW 7) Kommerzialrat Both from thereon got into a permanent and close contact with Dr. Ilgner and his financial collaborators. Dr. Ilgner must have found him very useful and I heard that he always used to consult him too whenever a financial matter in the South East, besides pure Devisen questions, turned up for him.

It can therefore be assumed for certain, that it was Kommerzialrat Both, who caused Dr. Ilgner, probably already in 1935 or at the latest very early in 1936, to demand that the Skoda-Wetzlar matter be handed over to him as a financial question coming under the competence of the Zafi. Very likely Mr. Both was not satisfied with the way Ueber, Andreus had treated this question in the past and he hoped that Dr. Ilgner would be more interested and active in the
sic P. Pfeiffer

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P. Hefflinger
(re Skoda-Wetzlar)

survance of the proposed deal. Mr. Roth evidently must have by then fully realized, much earlier than for instance myself and many others, being in close touch with Dr. Ilmer, that the latter had the ambition to build up in the South East a domain of his own and on his own ideas and that Ilmer was considering Skoda-Wetzlar as one of his starting points. Whether Dr. Ilmer already at that time was entertaining the idea of acquiring Skoda-Wetzlar for the purpose of using it as a crystallization point for "ALL THE TABILIZATION" of all the other industrial chemical holdings in Austria, controlled indirectly by I.G. via Dynamita Wobal A.G. Proseberg, I don't know. These holdings being at that time in the hands of Generaldirektor Philipp were not at all easy to get at, because Mr. Philipp always very jealously guarded his domain and strongly opposed anybody trying to interfere with his reign. So for Dr. Ilmer the point of least resistance to gain full influence must have been Skoda-Wetzlar.

I don't know what steps were taken at that time by Dr. Ilmer but I must assume for certain that probably very early in 1936 he must have contacted the Kreditanstalt Vienna where a majority of shares of Skoda-Wetzlar were deposited, whether owned by the Bank or on trust or both, I don't know. Although an actual purchase was not effected then, the negotiations must have progressed at that time already very far, because from an entry in the private note-book of my secretary I now find a note that on the 17th March, 1936, Dr. Gierlich and Dr. G. Schiller had a talk in VW7 with Reichsbankdirektor Blessing, Ministerialrat Dr. Fohman and a Dr. Hoffmann about Skoda-Wetzlar. I must have joined them for lunch there at their dining table as I was in the building for other business that day. Staying at the Hotel Adlon, it was very handy to me to meet my business friends, in 1937, which was just across the Linden
sig. P. Hefflinger

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F. Hoffmeyer
(re Skoda-Wetzlar)

and as I was nearly every week in Berlin, I used to be asked by many people on frequent occasions to participate at lunch with many visitors of theirs whom they liked to invite to their casino upstairs, where lunch parties of this kind took place every day. I therefore only casually got to learn that it was about Skoda-Wetzlar they had been talking and I take it from the presence of Dr. Gierliche that it must have been on the question of arranging the foreign exchange aspects connected with the transfer in case the shares of Skoda-Wetzlar should be purchased, Dr. Gierliche might possibly be able to recall this conversation in his mind, but for me it only proves now once more that Dr. Ilmer certainly must not have lost time in taking action in this matter after having taken it in his hands. On the next day I find that I was asked by Dr. Krowner about Skoda-Wetzlar; I don't remember seeing him either before or afterwards in connection with this deal, so he probably just wanted to inform himself of what the Chemical sales department in Frankfurt, especially Weber-Andreas, thought about Skoda-Wetzlar, I could give him only one answer viz. that we were not interested in it from our commercial point of view. I may mention here that Dr. Krowner often was opposed to the views and ways of Dr. Ilmer.

That an actual purchase was not effected then, I know for certain, as I was informed by Dr. J. Schuller only on the first occasion when I visited the Kreditanstalt together with him shortly after the Anschluss, that Mr. Johann had not been willing in the past to part with the majority of these shares but only with a part of it.

However time was evidently working for Dr. Ilmer. With the fast growing in fact revolutionary unrest in Austria, the

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F. Haefliger
(ra Skoda-Wetzlar)

completion of the deal must have become very urgent for Mr. Pollack and Mr. John.

It must have been end of 1935 or early in 1937 that probably on the request of both of them, Dr. Ilgner was asked to come to their assistance by delegating to Skoda-Wetzlar, as I take it in an unofficial capacity, an administrative and a technical man. The reaction of Dr. Ilgner was one of ready acceptance of this proposal because it could only serve his aims. He therefore sent one of his Berlin collaborators, conversant with the deal, namely Dr. Guenther Schiller to Vienna and arranged with Mr. Weber-Andreas personally that he should get a room at the offices of the Anilinchemie, which were in daily business contact with Skoda-Wetzlar. Dr. Guenther Schiller had other duties, in addition to those in Vienna. Moreover at the same time, Dr. Ilgner approached Dr. E. Wehme, Leverkusen with whom he entertained friendly relations and who was one of the few technical men he succeeded in interesting in the possibilities of development in the South East. He arranged with him that he delegated a technical man of his for assisting Skoda-Wetzlar. It was a Dr. Kasper, who as far as I can remember took his seat at Moosbierbaum. At least it was there that I met him for the first time on the occasion of my first visit to Moosbierbaum on 31st March, 1938.

All these years I was never personally occupied with anything pertaining to this deal and MY KNOWLEDGE of it comes from overbearing discussions and remarks from time to time.

It was only after the event of the Anschluss which took place on the 13th March, 1938 that I PERSONALLY became involved in the Skoda-Wetzlar affair for the first time in the following way:

sig. F. Haefliger

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P. Haslinger
(re Skoda-Wetzlar)

Heber-Andreas had requested me shortly after the Anschluss to visit Vienna in order to talk with the man in charge of our sales office there i.e. the Anilinchemie; it was only natural that somebody from headquarters should go to see them as soon as possible after such a trying event and to hear from the how they had come through and their reactions and problems were, the communications having been interrupted for quite a time. Several internal talks had been held about Austria previously in Frankfurt about the new business situation created by the Anschluss as well as in Berlin where a meeting of the commercial committee had been convened but I cannot remember that in this largely attended conference the Skoda-Wetzlar deal was discussed. News of this transaction never had been broadcast before by Ilgner who probably feared interference with his aims in giving it too great publicity.

The management of the Anilinchemie at that time was in the hands of Dr. v. Ponorts, von Donabruck, a nephew of Heber-Andreas, Dr. Moos von Soller, a Swiss citizen, who previously had been working under Kommerzialrat W. Roth for many years, the others being of recent date placed there at the decision of Mr. Heber-Andreas. I knew them but slightly.

In parenthesis I may insert here that Kommerzialrat W. Roth by then had separated from I.G. on a special financial arrangement with VW. I remember meeting him personally for the last time in Zurich, Switzerland shortly before the outbreak of the war. I had been helpful to him in Berlin with the Swiss authorities, in my capacity as Swiss consul to get him permission to stay in Switzerland where his daughter was a student at the Zurich University.

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P. Pfeiffer
(re Skoda-Wetzlar)

Then for the first time such to my surprise I learnt from him that he had been in touch for years with Prime Minister Bruening, with whom he continued personal relations even during his exile abroad, and I understood too that he was also supporting him financially.

I had no idea that Mr. Roth under cover was very active in Antinazi politics but I know that he was personally befriended with the influential catholic Archbishop of Vienna, because he always had a large photo of him on his writing desk with a very friendly dedication.

I arrived in Vienna by plane on the 28th March, 1938 and found whole Vienna still to be in a state bordering hysteria. There was a continuous turmoil going on in the streets and everybody was still excited by the revolutionary change which overshadowed everything else. Reich Nazi officials were streaming in from Berlin nearly daily. I remember for instance having seen from my hotel window at the Gaertner Ring the pompous entry of Goebbels who did not want to stand back from his other Nazi comrades in collecting glory.

It is clear that in this chaotic atmosphere business questions were not dealt with at that time in a formal and orderly fashion, but rather in an improvised, haphazard way. I mention this to make the following clear :

I was conducted from the airfield directly to our office and there I met Dr. Gaertner Schiller for the first time in Vienna, my previous visit in Vienna dating back to March 1936, when I did not see him, as he was probably not yet installed there by Dr. Ilmer.

Dr. G. Schiller informed me that Director Johan, whose name I then heard for the first time and whom I had never met before, nor as I recall afterwards, had expressed the urgent wish that he should like to meet Dr. Ilmer at once as his attitude in the Skoda-
sic P. Pfeiffer

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P. Schiller
(re Skoda-Wetzlar)

Wetzlar deal had undergone a change on account of the Anschluss. Dr. Schiller told me that he had tried several times unsuccessfully to reach Dr. Ilmer by phone and that he just thought whether I could accompany him to Mr. Jochen together with Dir. Pollack. He would however try once again to get a connection with Ilmer at night at his home I believe in order to get his instructions and to find out whether he could arrange to come to Vienna immediately.

The next morning on the 29th March I was informed by him, that he had been able to phone Dr. Ilmer, who however could not possibly come to Vienna for some time yet. Ilmer learning from him that I happened to be there on the spot, informed Schiller that he would like to have me accompany Dr. Schiller to confer with Mr. Jochen in order to listen to what he had to say. Dr. Schiller was instructed specially by Ilmer on what lines he should best proceed in an uncommittal way to sound Mr. Jochen as to how far he would meet the ideas of Ilmer as regards the sale of the controlling interest. As I say insert here, Ilmer never wasaverse to others having a share also in a firm, seeing it from a pure financial and commercial angle, for which it was unimportant to have control. This was contrary to the views of most of the technical I.G. management, which was most unwilling to part with patents and especially unprotected technical knowhow of I.G. to the advantage of a participating foreign minority, viewing such questions merely from a technical point of view. I inclined personally always to the commercial point of view advocated by Ilmer. With the technical man it was different only in cases when a defined product was in question for which the knowhow and patent question could be regulated by a special licence agreement. This was however not the case with Skoda-Wetzlar, where new ideas and initiative all round
sic P. Schiller

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F. Seffinger
(re Skoda-Wetzlar)

for development were wanted and expected from I, G.

In order to please Dr. Huger I declared my readiness to meet Mr. Johan at the Predianstalt of whose standing I was not informed and which I entered for the first time then. Meanwhile Mr. Follack had arrived at our office to fetch us to the bank. We had with him a short friendly talk first and I noticed that he appeared to be on very good terms with Dr. V. Schiller.

The conversation with Mr. Johan was of a very short duration. I cannot recall details, the conversation being conducted for the most time by Dr. V. Schiller who was of course better informed than myself as afore said. I only recall that a definite conclusion would soon be reached by Huger under the changed conditions and that for the definite fixation of the purchase price an appraisal of the real value of the property to be sold should be made by a Vienna Treuhandsellschaft, and this appraisal would be a basis for the ultimate price.

It must have been at the recommendation of Mr. Johan, that in the afternoon I was conducted by Dr. V. Schiller to Mr. Fischboeck, who was the Handelsminister or the prospective Handelsminister then. It was not difficult at that time in Vienna to be received by high officials. The high functionaries were not established as then, did not have together their staff and many of them I suspect did not even know which defined functions they were going to have. Each of them was convulsively striving to secure for himself a good position to be at the manger and to gain influence and power. I only knew that in the case of Fischboeck that he had evidently some say in the question as to who was going to be allowed to acquire the Skoda-Wetzlar shares. It was therefore helpful in my mind to hear from him what his attitude was in order to clear the situation in this direction.

siz. P. Seffinger

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P. Beffler
(re Skoda-Wetzlar)

I only recall from this very short conversation with him, that he would not oppose the scheme, which was sufficient for me.

The next day, the 30th March, I was brought in touch by Dr. Schiller with a Dr. Vassensayer of the office of Mr. Kappler, who then was the special envoy of the German government in Austria. I cannot recall anymore what he asked me exactly. He evidently wanted to find out what I was doing in Vienna and to know something about the future I.G. plans in Austria also in connection with Skoda-Wetzlar, for it was arranged then that I should meet President Kehrl, who was working together with Kappler, on the 2nd April. On this day late in the afternoon I remember I found President Kehrl enthroned in a large possum state room in the Ballstreet, receiving me very stiffly. To my surprise all of a sudden Mr. Kappler put in appearance too. Both of these men I know to be antagonistic to the I.G. and I therefore was on guard. I believe I was accompanied by Dr. G. Schiller too but I was not quite sure about it. Mr. Kappler in addressing me rather in a rough and offhanded style, asked me whether the I.G. was intending to swallow the whole of the Austrian chemical industry. I could not take such a remark as serious and in reply said that if the I.G. had any intentions in Austria at all, it would be to my knowledge restricted to the acquisition of Skoda-Wetzlar, for which negotiations had been going on for many years already. I further drew his attention to the fact that I.G. had indirectly some other chemical participations in Austria via the Deutsche Rohöl A.G. Proasbur but that I was not informed as to particulars.

He then asked me whether the I.G. had a share in the Chemische Verein Pragma - question which at that time rather struck me as strange and whether this firm had property in Austria. I said that

sic. P. Beffler

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P. Hasfliger
(re Skoda-Wetzlar)

I, G. to, my knowledge had no share in it and that I could not tell him whether Verein had participations in the chemical industry of Austria, but that I knew that Verein always had exported products of theirs on a good sized scale into Austria. These data were of course not satisfying him and I believe he mentioned to me that he should like to have more particulars about Chem. Verein and its ramifications. With this the conversation was ended.

Dr. J. Schiller reported at once to Dr. Ilmer about these various conversations and I understand that when Kepeler was back in Berlin soon afterwards he must have run up either Geheimrat Schmitz or Dr. Ilmer, requesting them to furnish him a detailed report about Chem. Verein and probably also a report about the I, G. connections with Dynamite Nobel, Fressburg. The Finance Department in Berlin (Zefi) and the Volkswirtschaftliche Abt. there (Vowi) having all the needed data on this subjects thereupon wrote a respective letter to Kepeler, signed by Dr. Kraemer, probably in the absence of Dr. Ilmer and sent this letter on to Frankfurt in order to get the second signature with the suggestion to modify it we would have anything to add to it from our knowledge of the running chemical business with Austria. The letter was signed by me, as I had not Kepeler in Vienna. I never heard afterwards of any answer of Kepeler or sequence being given to this letter by him. If there was an answer it would have been addressed to FW7, but as I have said I cant remember having seen one nor heard of any.

I returned to Frankfurt on the 3rd April and reported there to Mr. Weber-Androsch of what I had been doing in Vienna.

sic. P. Hasfliger

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P. Eschliger
(re Skoda-Wetzlar)

On the 18th April I find a note that there was a meeting in Berlin about Austria with Dr. Ilmer, there being present also Dr. E. Kuehne, Dr. Haeger, Dr. Weiss (procuring agent in the Direction department of chemicals in Frankfurt), Dr. Kueger, Dr. Franck-Pohl, Dr. G. Schiller, von Meister, Dr. Gierliche, Dr. Haeger (a bookkeeping expert I believe) and myself. I cannot remember the details then discussed but it can be assumed that Dr. Haeger and Dr. Schiller reported fully about the existing conditions within Skoda-Wetzlar and in Vienna, but I cannot remember whether in this informatory meeting any decision was taken as to the final conclusion of the Skoda-Wetzlar deal, this being left to the charge of Ilmer. Probably it was considered as settled that on the basis of the withdrawal of the Treuhandsellschaft a purchase would result by all means very soon. What further correspondence had taken place between Ilmer and John on the report of Dr. Schiller about our visit on March 29th I do not know, but it is very likely and can be taken for granted that meanwhile Dr. Ilmer had reached an agreement with him that the whole of the Skoda-Wetzlar shares, or as I later learnt about 98%, would be sold by the Kreditanstalt to I.G. Because when Dr. Ilmer went to this bank on the 10th or 11th day, there was no more the question of I.G. only acquiring a majority of Skoda-Wetzlar.

Meanwhile a very serious disturbance had developed in Vienna. There were intrigues and personal troubles arising everywhere within the different offices. It became known by Dr. Ilmer, informed by Dr. Schiller that the Nazi authorities had imposed a commissar on Skoda-Wetzlar and that there was the director of the Anilinchemie and the Dyestuff firm in charge of the I.G. Dyestuff side (Defeat) to follow suit. Dr. Ilmer was of the opinion and I think he was quite

alt. P. Eschliger

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P. Haeffliger

(re Krohn-Nettler)

right that such a measure could not be tolerated by I.G. because a dangerous precedent would be created which might set an example in Germany considering the antagonism shown by influential Nazi circles towards I.G. He therefore proposed a meeting in Vienna, where as he expressed himself, he would make "Naegel mit Koepfen", a slogan I did not know and for that retained it in my memory, meaning that he intended to make a full job of it.

So we met again on the 10th of May in Vienna to deal with this unpleasant matter. I went there to look after the interests of the Anilinchemie and as I believe Dr. Eugler came there too on behalf of the Dyestuff representation (Dezag). In meeting together it was soon found out, that the personal discords having arisen were of a nature not to be dealt with effectively before a big attendance. Therefore Dr. Ilgner wanted to take the disentanglement of all these ugly personal quarrels, which had given the Nazi authorities a welcome opportunity to step in, in his own hands. To that I was only too glad to acquiesce, not being used to jobs like this. He thereupon had many separate talks and negotiations with the staff representatives and Nazi authorities - I remember in this connection the name of Raffelsberger - between the 10th and 12th of May which kept him extremely busy. The ultimate result was that he could reach some compromise but achieving the chief aim viz. the cancellation of the commissariat.

It must have been in an interval between his many talks about

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this question, that either on the 10th or 11th of May, Ilgner seeing me at the Hotel or in the Baumarkt office of anilinchemie told me that he had to go to see Mr. Pfeiffer at the Kreditanstalt whom I had never met before, regarding Skoda-Wetzlar and asking me

sign. P. Hoefliger

(page 14 of original)

P. Hoefliger

(re Skoda-Wetzlar)

just unoccupied he asked me to accompany him there to which I agreed. On the short ride to the bank we talked of other things, probably about his ugly job because I cannot remember that Ilgner told me anything of the status of Kreditanstalt, in which I was not interested as I had never had anything to do with banking and financing in the I.G. I just was a witness of this conversation at the bank between Pfeiffer and Ilgner - I cannot remember whether Mr. Johan was present on this occasion - . The conversation as I remember was a very short one, not more than a quarter of an hour. The only remembrance I have, was that it was agreed on both sides, that the acquisition of Skoda-Wetzlar should be made as I believe strictly on the basis of the value estimated by the Treuhänder expertise, which at that time was still going on.

I don't know at what exact date the actual purchase on these lines was perfected by the finance department and the shares passed in to I.G. hands. It must have been in May or at the latest beginning of June 1938 because on the 11th until 13th of June several meetings took place in Vienna discussing the foundation of Donau Chemie A.G. and the Donau Chemikalien Handelsgesellschaft G.m.b.H. It was for the

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letter I was chiefly there because it concerned our chemical sales organization. The Anilinchemie A.G. had to be dissolved and instead of it this new firm was formed. It was agreed that the Donauchemie should have a minority share of it - I believe 20 to 25 % - because otherwise the danger was great that the Donauchemie would have claimed the right to sell their production by its own sales organization. It is for this reason chiefly Mr. Weber - Andreas who had

sign. P. Kaeffler

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P. Kaeffler

(re Skoda-Wetzlar)

to fight these years with similar tendencies shown by big I.G. units who wanted to decentralize the Frankfurt Chemical sales combine, wanted me to enter the Supervisory board of Donauchemie. As the future proved, Mr. Weber - Andreas was right with his misgivings as in the future I had many times to step in my capacity as a member of this supervisory board, to express the frictions always existing between mostly Dr. Kackhofer of Donauchemie with the Donau Chemikalien Handelsgesellschaft, all arising out of his ambition to get the sale of his production in his own hands.

The conduct of the Supervisory board of the Donauchemie proved to be a very one sided affair. Nominally the chair was held by Excellenz Riedl, who was a very old but worthy chairman. But in reality Dr. Ilgner had the uncontested lead, as he had the money bag for the credits which I.G. was to give to Donauchemie. On the proposal

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of Dr. Ilgner an equal number of Austrian citizens as compared with the number of I.G. members just before entering into the official meeting, but the questions had been practically settled already by him with Dr. Kuehne. But I never had the feeling that his proposals were in any way detrimental to the Donauchemie, once I accepted the fact that I.G. was willing to push aside for some years the idea of making money out of this firm but was prepared to give it a start for the future.

As to the internal organization of the Donauchemie I had nothing
sign. P. Hoefliger

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P. Hoefliger
(re Skoda-Wetzlar)

to do with it, as this was the function of the board of directors, headed by Dr. K. Kuehne.

In finishing this statement I think it useful to point out in the following, the motives which guided I.G. to acquire Skoda-Wetzlar from a technical and economical point of view.

The Chemical installations in Moosierbaum, their chief establishment, were with a few exceptions rather obsolete and too small in capacity compared with similar plants situated in Germany, as to be competitive in a market no longer protected by import duties and other restrictive regulations. It was realized from the beginning that the

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purchase amount which the financial I.G. department had in view - as far as I remember 8-9 millions RM was too high to allow for an adequate profit especially in view too of the expected and soon afterwards enforced adaptation of the price level in Austria to the lower price level of Germany.

If in spite of this, the I.G. decided to acquire Skoda-Wetzlar, whose yearly amount of sales in my estimate was then only a fraction of one percent of the total aggregate of I.G. or about 2 % of the sales amount of the I.G. chemical Sales combine, it was only as prospect for the future. This was quite in conformity with the general policy of I.G.

I remember for instance that Dr. E. Zuehlke, Leverkusen, to whom was entrusted as said already additionally the responsible conduction of this Austrian enterprise and who must have visited Hoosbierbaum very probably quite some time before the Anschluss on the invitation of Dr. Ilgner, expressing then the view in Frankfurt when meeting Weber-Andreas that the Vienna district would have a big future on the following conditions:

sign. P. Haefliger

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P. Haefliger

(re Skoda-Wetzlar)

a) After realization of the known scheme of an Oder-Danube canal,

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connecting this area with the cheap coal of Upper Silesia

- b) After intensification of the Danube navigation up and down stream
- c) after the utilization of the different stream sectors for the erection of big electrical plants for hydro-electric power
- d) Therefore together with the great reservoir of skilled labour in this part of Austria, including Vienna, the prospects of a rapid increase of industry all round would be very good and worth our attention.

Viewed from this angle the large industrial territory belonging to Moosbierbaum of which only a small fraction was then used, extending right down to the border of the Danube, would be very interesting for I.G. for schemes which eventually might be ripe to be studied and to be realized.

Dr. E. Lashke as the head of the big modern works at Leverkusen was always accustomed to large conditions and he used to take some pride in following the footsteps of Prof. Dr. Duisberg. In the case of Stolte-Westler, he indulged, in my opinion, in the vision Prof. Dr. Duisberg had when at the beginning of the century he decided to take his chief seat out of the narrow Wupper valley to the free Rhine at Leverkusen, where too at that time nothing much worth speaking of existed.

Nobody could know at the time of the acquisition of Moosbierbaum that only a few years afterwards the territory could be used for the

(page 17 of original, cont'd)

erection of an important bauxine plant, because the Zisteradorfer oilfields near Vienna were not discovered yet then or at least not recognized at all in their real richness.

Furthermore nobody could anticipate that that I.G. would be ordered by the R.L.M. a few years hence, to install in Austria

sign. P. Haefliger

(page 18 of original)

P. Haefliger

(re Skoda-Netzler)

a large Magnesium metal plant, which to my mind only became possible amongst other reasons chiefly because after 1938 an important fabricating lightmetal industry rapidly developed in the Vienna district, giving a favourably situated outlet for a primary metal plant.

I remember that Dr. Buerger, head of the I.G. Bitterfeld works who was in charge of the techn. light metal field, never did show any interest at that time in the Skoda-Netzler matter, considering it outside his interests. Ilgner, who already then would have liked very much, to interest as many leading technical men into his Skoda-Netzler scheme, which he considered as one of his starting points for his South East ideas - a fact I became aware of at a much later date - several times invited Dr. Buerger to join the supervisory board of the Donauwerke A.G. and was rather disappointed that he always met with a refusal. Even when Dr. Buerger decided to choose Moosbierbaum as the site for the new Magnesium plant in 1941 or so, he still declined to enter this supervisory board in which refusal as I may say

(page 19 of original, cont'd)

Dr. Kuehne took the additional task he was entrusted with very seriously and that he made great exertions with the help of considerable means placed at his disposal by I.G. to modernize and partially also to enlarge the Moosbierbaum plants.

I may add as my opinion that if the I.G. would not have acquired the industrial territory at Moosbierbaum, this would not have prevented the erection of a benzine and magnesium plant in Austria. I.G. in such a case in view of the importance of these new plants, would have had to look about for another suitable territory in Austria. One cannot say therefore in my opinion that the fact of the acquisition of Skoda-Metzler alone enabled I.G. to build the said big works. But it was of course quite natural for the competent technical managements to take advantage of the existence of the Moosbierbaum territory in their decision for a suitable site.

Munich, 1st May, 1947

sign. P. Hoefliger

(page 20 of original)

I, Paul Hoefliger, being first duly sworn on oath, depose and say that:

1. I am familiar with the English language
2. That I have prepared the foregoing statement, consisting of 19 typewritten pages.
3. That such corrections as appear have been approved by me and that

(page 18 of original, cont'd)

I supported him privately, because both of us saw by then that behind this invitation of Dr. Ilgner was the aim of persuading Dr. Buergin in time to let the Donauchemie A.G. absorb the new metal plant, which would have made the Donauchemie at least 5 times bigger. Dr. Buergin did not care to let Ilgner assume command over such a big technical unit as he wanted to preserve his lead in the lightmetal field unimpaired. So this plant as well as the basine plant were not embodied into the Donauchemie but were built for I.G. account on a special lease contract.

sign. F. Hoefliger

(page 19 of original)

F. Hoefliger

(re Skoda-Metzler)

Dr. H. Kuehne in expressing his opinion regarding the acquisition of Moosbierbaum as described above, which then was considered as an exposition of possibilities foreseen for 10 years or more, was supported strongly by an old acquaintance of Dr. Ilgner, by Excellence Riedl, a very well known Austrian, who had only one aim at heart viz. the economical development of Austria and who saw in I.G. an instrument to build up in time in his country an important chemical industry.

Measured by these standards and in the light of these considerations it was wholly irrelevant for a big concern like I.G. if in obtaining a well situated basis in an area offering such future possibilities one or two millions RM was paid in excess of the real value for unmodern works situated there. It is known to all of us that subsequently

(page 20 of original, cont'd)

I have initialed such corrections on the margin opposite the correction.

4. The facts set forth in this statement are the truth to the best of my knowledge and belief.

sign. Paul Haefliger

Paul Haefliger

Subscribed and sworn to before me this
2nd day of May, 1947.

sign. Julius I. Rudolph

Julius I. Rudolph
War Department Civilian
AGO D 432800

TRANSLATION OF DOCUMENT No. NI-9163
OFFICE OF CHIEF OF COUNSEL FOR WAR CRIMES

A F F I D A V I T

I, GUENTHER SCHILLER, after having first been warned that I will be liable for punishment for making a false statement, state herewith under oath, of my own free will and without coercion, the following:

SKODA-WETZLER A.G./ AUSTRIA.

I went to Vienna in 1936 as manager of Farben's agency in Austria, ANILIN-CHEMIE. I was to succeed Herr Roth, who, being a Jew, was forced to resign. Farben's organization in Austria and the Balkans at that time employed a large proportion of Jews. The German authorities exerted increased pressure; the Jewish employees must be replaced by Aryans. I myself was intended to hold the position of a general manager. Up till about 1938 my job was more or less to keep the position open, for myself or for the person finally appointed general manager. In actual fact, I was recalled in the early summer of 1938.

Even at that time Farben was already interested in acquiring Skoda-Wetzler A.G. Negotiations concerning its acquisition had already taken place when I took over the management of ANILIN-CHEMIE. My assignment was: to maintain contact with Herr Pollock, Generaldirektor of Skoda-Wetzler, and all authorities in Austria connected with this matter - without, however, precipitating the negotiations. I was also introduced to the Generaldirektor of the Oesterreichische Kreditanstalt, Herr Johann; the Kreditanstalt owned the majority of stock in Skoda-Wetzler. In addition to myself, negotiations on the subject were conducted in varying degrees of frequency by members of the Farben Vorstand, especially Dr. Ilgner, Haefliger, and Dr. Krueger. I received my instructions in this matter from Ilgner or Krueger.

As far as I remember, any differences of opinion existing between the Kreditanstalt and Farben with regard to the acquisition of the majority of stock of Skoda-Wetzler A.G. were already settled on 11 March 1938 - i.e. before the Anschluss - in that both parties were agreed that Farben should acquire the stock majority. I know nothing about any correspondence between the Kreditanstalt and Farben during the last few weeks before the Anschluss in which the Kreditanstalt definitely refused to part with the majority.

Generaldirektor Pollock called me up immediately after the "Anschluss" and asked me to call at his office. There he handed over his desk to me and said that re-shaping (Umbruch) made it impossible for him to go on working and that I was to take his place along the lines of our negotiations conducted during the previous years. With the consent of the controlling members of Farben, I followed his wishes.

I have carefully read this page of the affidavit and have signed it personally. I have made the necessary corrections in my own handwriting and initialed them and I declare herewith under oath that I have given the full truth to the best of my knowledge and belief.

(signed) Guenter Schiller

Sworn to and signed before me this 25th day of July 1947, at Palace of Justice,

(page 2 of original)

Nuernberg, Germany, by Guenter SCHILLER, known to me to be the person making the above affidavit.

(signed) Randolph H. Newman, Attorney
U.S. Civilian AGO B 397712

Office of Chief of Counsel for War
Crimes,
U.S. War Department.

*) Supplementary Note to Page 1.

I have re-considered my interrogation of yesterday and have arrived at the conclusion that, as regards the Kreditanstalt's willingness to sell the Skoda-Winler stock to Farben, there may have been a suspension of this in Spring 1938, in consequence of the political tension.

CERTIFICATE OF TRANSLATION

I, Mona A.M. Macleod, MEF 34387, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of the Document No. NI-9163.

2nd September 1947

Mona A.M. Macleod,
MEF 34387.

End

-2-

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Creditanstalt-Bankverein

Vienna, 31 May 1947

Mr. Turner Lewis
 Office of Chief of Counsel for War Crimes,
 U.S. War Department

at present in Vienna.

Complying with your wish we take the liberty of informing you that owing to pressure by the German authorities we had to cede the following participations during the German occupation of Austria:

| Name of Company | | Stock at time of sale | Participation of Creditan- stalt-Bank- verein in % |
|--|------------|-----------------------------|---|
| Berndorfer Metall- warenfabrik Arthur Krupp A.G. | Schillings | 9,000,000 | 96.50 |
| Continental Motorschiffahrts- Gesellschaft | fl | 3,000,000 | 67.34 |
| Bosau-Chemie A.G. (Pulverfabrik Stead- werke Totzer A.G.) | Schillings | 7,000,000 | 91.38 |
| "Elin" A.G. fuer elektrische Industrie | " | 3,750,000 | 25.48 |
| Erste Bosau-Dampf- schiffahrts-Gesell- schaft | " | 21,600,000 | 24.50 |
| Kaestnerische Eisen- und Stahlwerke A.G. | " | 2,500,000 | 63.90 |
| Kaufhaus der Wiener (A.Gerzoghaus A.G.) | " | 5,000,000 | 21.29 |
| Kraftwerke Oberdonau A.G. (Oesterreichische Kraftwerke A.G.) | " | 40,000,000 | 13.48 |
| Schiffwerft Linz A.G. | fl. | 2,200,000 | 67.80 |
| Siemering-Graz-Pulver A.G. fuer Maschinen Kessel- und Waggonbau (Maschinen- und Waggon- Fabrika A.G. in Simmering) | Schillings | 4,500,000 | 17.80 |
| Stahl- und Tschernguss A.G. (Feinstahlwerke Traisen A.G. vorm. Fischer | " | 900,000 | 34.40 |

ST

TRANSLATION OF DOCUMENT NO. HI-7384
OFFICE OF CHIEF OF CONSUL FOR WAR
CRIMES (continued)

| Name of company | | Stock at time of sale. | Participation of Creditanstalt-Bank- verein in % |
|---|------------|------------------------------|--|
| (Page 2 of original) | | | |
| Österreichische Gusstahl- werke A.G. | Schillings | 5,000,000 | 100 |
| Österreichische Wasser- kraft- und Elek- trizitäts-Aktien- gesellschaft | " | 27,750,000 | 9.20 |
| Streit-Leinler-Puch A.G. | " | 17,500,000 | 73.20 |
| Feußloff-Young Vereinigte Arbeits- und Maschinen- fabrik A.G. (Wiener Arbeits- und Maschinen- bau-Anstalt vormals Feußloff und Dietrich A.G. | " | 500,000 | 51. |
| Thyroler Wasserkraftwerke AG | " | 13,000,000 | 14. |
| Tobias-Sascha Filzindustrie A.G. | " | 500,000 | 49.63 |
| Tobias-Sascha Filzverlei- h-G.m.b.H. | " | 100,000 | 60. |
| "Universalia" Koch- und Siefen A.G. | S.H. | 10,000,000 | 31.27 |
| Vereinigte Wiener Neuweben A.G. | " | 2,000,000 | 93.39 |
| Wiener Lokomotiv- fabrik A.G. | Schillings | 7,500,000 | 13.50 |

In 1931 and the following years Creditanstalt completely reorganized its industrial Konzern by means of considerable sacrifices on the part of the Austrian state; these financial sacrifices were justified only in consideration of the considerably improved future prospects afforded to the enterprises by this reorganization. Any one familiar with the history of the Austrian banks during the period between World War I and World War II and with the situation of Austrian industry during the same period will be fully convinced, even if documentary proof is not supplied for each individual case, that there was no question of a voluntary sale of these titles and that the transfer to German ownership was effected only under the utmost pressure. Nor will further proof be needed to show that, viewed from the purely industrial standpoint, Austrian industry, as soon as it had to work on the territory of the Reich, had no chance to resist successfully the superior power of German industry.

Even if adequate prices had been paid which, however, was not done in one single case, Creditanstalt was not interested in

(page 3 of original)

working with these holdings which it had owned for many years because on the one hand the money received (paper marks only) could not be used in current banking business as shown by the debtors' accounts which remained almost unaltered since 1938, and, because on the other hand, re-investment in real estate was quite impossible so that there was no alternative but to invest these amounts in the end in Reichsmark securities, especially as interest had to be paid on its debts.

In the case of Pulverfabrik Skoda-Tezler A.G., Creditanstalt was the less interested in selling its stock as it already had to cede considerable amounts of stock to the Reichsmark Bank.

It therefore Creditanstalt maintains its claims for the restitution of the afore-mentioned amounts of stock, this request is in accordance with the actual facts and only represents the redress of a grievous wrong which it has suffered. The request for the re-transfer of these participations to Austrian hands is also in accordance with the intention of the allies to restore Austria to the status of a free and independent country.

Yours very truly:

CREDITANSTALT - BANKING
(signature) illegible

(signature) Scialoja

CERTIFICATE OF TRANSLATION

I, Mona A.H. Macleod, MEP 38347, hereby certify that I am thoroughly conversant with the English and German languages and that the foregoing is a true and correct translation of the Document No. VI-7334.

4 September 1947

Mona A.H. Macleod
MEP 38347

TRANSLATION OF DOCUMENT NO. 11 - 11851
OFFICE OF U.S. CHIEF OF COUNSEL FOR
WAR CRIMES.



Excerpt from affidavit by Kurt Krueger, 22 August 1947.

*Deutsch-Matrei und Oesterreichische Dynamit-Nobel A.G.

It is true that, even before the Anschluss, these enterprises were affiliated with Farben; but full control of them could only be attained through Czechoslovakia, i.e. through the Czech authorities. Farben controlled in fact Dynamit-Nobel A.G., Troisdorf; Troisdorf, in its turn, controlled only 51% of Dynamit Nobel A.G., Pressburg (Bratislava); and the last-named, in consequence of its geographical location, was dependent on the Czech government in all transactions involving foreign countries. Dynamit Nobel A.G., Pressburg, owned 100% of the two Austrian enterprises Deutsch-Matrei and Oesterreichische Dynamit Nobel A.G.*

I, Dr. Kurt Krueger, after having first been warned that I will be liable for punishment for making a false statement, state herewith under oath, of my own free will and without coercion, the following:

From 1934-1945 I was a director of I.G. Farbenindustrie in Berlin NW 7, and as a member of the Commercial Committee was well acquainted with the relations shown on this sheet between I.G. Farben and the other corporations which are named.

From my own knowledge I know that the above diagram represents those relations correctly, as they stood at the beginning of 1938 between I.G. Farben and the four firms shown in the diagram. The statement quoted below the diagram is taken from my affidavit of 22 August 1947, the truth of which I have already affirmed under oath and now maintain.

(signed): Kurt Krueger.

DR. KURT KRUEGER.

TRANSLATION OF DOCUMENT NO. NI - 11351
CONT'D.

Sworn to and signed before me this 26th day of September 1947
at Palace of Justice, Duernberg, Germany, by Dr. Kurt KRUGGER,
known to me to be the person making the above affidavit.

(signed): Randolph H. Newman

RANDOLPH H. NEWMAN, Attorney,
AGO B 397712

Office of Chief of Counsel for
War Crimes, U.S. War Department.

CERTIFICATE OF TRANSLATION

I, MONA A.H. MACLEOD, NEP 38347, hereby certify that I am thoroughly
conversant with the German and English languages and that the
above is a true and correct translation of Document NI - 11351.

2 October 1947

MONA A.H. MACLEOD
NEP 38347.

(E N D)

C O N F I D E N T I A L

Konzern Group

A.G. DYNAMIT NOBEL, BRATISLAVA

(List of firms)

2543

22 September 1937

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2543

CONFIDENTIAL

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Konzern Group A.G. Dynamit Nobel, Bratislava

(List of firms)

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Konzern Group A.G. Dynamit Nobel, Bratislava

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| "Olea" United Slovakian Oil Industry Aktien- gesellschaft, Bratislava ("Olea" Vereinigte Slovakische Oelindustrie A.G., Bratislava) | 5 |
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| | |

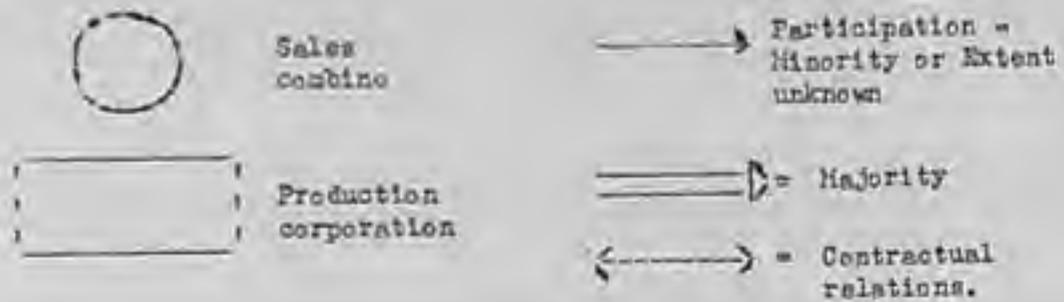
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A.G. DYNAMIT NOBEL, BRATISLAVA

(see attached C H A R T)

KEY:



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Group Czechoslovakia

Aktiengesellschaft Dynamit Nobel

Location: Bratislava
Founded: 1886
Business Year: 1 January to 31 December
Development: The corporation which was promoted in 1886 in Vienna took over a factory which was built in 1875 in Bratislava.
1918: Acquisition of majority of shares in the Bosnian Electricity A.G. (Bosnische Elektrizitaets A.G.) Jajce.
1924: Starting of production of chrome alum, barium chloride and sulphur dioxide.
1925: Erection of a super-phosphate plant.
1936: Erection of a plant for bleaching clay.

Vorwaltungsrat: Erwin Philipp, Vienna President
General Manager of the A.G. Dynamit Nobel, Bratislava
Eil Freund, Bank Manager, Vienna Vice-President
Vice-President and Chairman of the Viennese Agency of the Central European provincial Bank, Paris
Dr. Vaclav Boucek, Attorney, Prague
Dr. Johannes Hess, Muenchen
Manager Dr. Alexander Wacker, Corporation for the Electrochemical Industry G.m.b.H., Muenich (Dr. Alexander Wacker, Gesellschaft fuer elektrochemische Industrie G.m.b.H., Muenchen)
Karl Krcas, Prague-Bubonec
Manager of the Bank for Commerce and Industry, formerly "Provincial Bank", Prague
Dr. Paul Mueller, Koenig, General Manager of the Dynamit Aktiengesellschaft vorm. Alfred Nobel & Co., Troisdorf.
Josef Orszagh, landed proprietor, Bratislava
Dr. Viktor Riha, Attorney, Prague
Philipp Weiss, Budapest
President of the Pester Hungarian Commercial Bank, Budapest

Management: Erwin Philipp, Vienna General Manager
President of the A.G. Dynamit Nobel, Bratislava
Carbidwerk Deutsch-Matrei A.G., Vienna
Continental Corporation for Applied Electricity, Basle/Vienna (Continentale Gesellschaft fuer angewandte Elektrizitaet, Basle/Wien) (and Austrian representative)
Nobel Bickford A.G., Bratislava (and Manager) Aktiengesellschaft for Chemical Industry, Bratislava (Aktiengesellschaft fuer chemische Industrie, Bratislava).
Vice-President of the Oesterreichische Dynamit Nobel A.G., Vienna (and General Manager)

TRANSLATION OF EXCERPT OF DOC. WI-9593
CONT'D.

Austrian Fertilizers, Sulfuric Acid and
Chemical Factory A.G., Vienna (Oesterr.
Kunstduenger-, Schwefelsaure- und chem.
Fabrik A.G., Wien)
Bosnian Electricity Aktiengesellschaft, Jajce
(Bosnische Elektrizitaets A.G., Jajce)
Nitrogen Plant A.G., Ruse (Stickstoff-Werke
A.G. Ruse)
"Titanit" Aktiengesellschaft for Chemical
Industry, Zagreb ("Titanit" A.G. fuer
chemische Industrie, Zagreb)
"Olea" United Slovakian Oil Industry A.G.,
Bratislava, ("Olea" Vereinigte Slovensche
Oelindustrie A.G., Bratislava)

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"Ipari" Aktiengesellschaft for Industrial
Explosives, Budapest ("Ipari" A.G. fuer
industrielle Sprengstoffe, Budapest)
First Roumanian Explosives Corporation,
Bukarest (Erste Rumannische Sprengstoff-
Gesellschaft, Bukarest)
Nitramonia A.G., Bukarest
Member of the Verwaltungsrat of the
Dynamit A.G. vorm. Alfred Nobel & Co.,
Troisdorf,
Enxosfelder Metal Works A.G., Enxosfeld
(Enxosfelder Metallwerke A.G., Enxosfeld)
Anilinchemie A.G., Vienna
Central European Provincial Bank, Paris/Vienna
(Zentraleuropaeische Laenderbank, Paris/
Wien) (at the same time Viennese represen-
tative).
Hungarian Discount and Exchange Bank, Budapest
(Ungar. Escompte- u. Wechselbank, Budapest)
Bank for Commerce and Industry, formerly
Provincial Bank, Prague (Bank fuer Handel
und Industrie, ehem. Laenderbank, Prag)
Trifailer Coal Mines Corporation, Laibach
(Trifailer Kohlenwerke-Gesellschaft, Laibach)
Anglo-Elementar Insurance A.G., Vienna
(Anglo-Elementar Versicherungs-A.G., Wien)
Hermann Schwerwald, Bratislava Director
Member of the Verwaltungsrat of
Nobel Bickford A.G., Bratislava
Chemical Industry A.G., Bratislava (Chem-
ische Industrie A.G., Bratislava)
"Olea" United Slovakian Oil Industry A.G.,
Bratislava (Vereinigte Slovensche Oel-
industrie A.G., Bratislava)
Engineer Adalbert Froud, Chemist, Vienna Director
Director of
Oesterreichische Dynamit Nobel A.G., Vienna

TRANSLATION OF EXCERPT OF DOC. PI - 9593
CONT'D.

President of the A.G. for the Use of Industrial Gases, Bratislava (A.G. zur Verwertung von Industriegasen, Bratislava)

Member of the Verwaltungsrat of the Austrian Fertilizers-, Sulfuric Acid and Chemical Factory Aktiengesellschaft, Vienna (Osterr. Kunstdünger-, Schwefelsäure- und chem. Fabrik A.G., Wien)

Master Lacquer and Dyestuff Plant, Aktiengesellschaft, Zagreb (Master Lack- und Farbanwerke A.G., Zagreb)

Chemical Factory, property of Count Lajos Batthyany Aktiengesellschaft, Budapest

Manager of the "Fosfa" Corporation for Trade with Chemical Products s.b.H., Prague ("Fosfa" Gesellschaft fuer den Handel mit chemischen Erzeugnissen s.b.H., Prag)

Engineer Oskar Boehm, Chemist, Bratislava, Plant Manager

Member of the Verwaltungsrat of the "Olon" United Slovakian Oil Industry Aktiengesellschaft, Bratislava ("Olon" Vereinigte Slowakische Oelindustrie A.G., Bratislava)

Stock capital: Kronen 25,400,000.—
(55,000 shares at 400.— Kronen each)

Principal stock holder: Dynamit A.G. vorm. Alfred Nobel & Co. 51,1 %
Triedorf
Postor Hungarian Commercial Bank, Budapest (Postor ungarische Commercial Bank, Budapest)
Imperial Chemical Industries Ltd., London (I.C.I.)

Dividends: 1929-34: 30%; 1935: 33%; 1936: 19%.

Plants: Bratislava
Chemical Factory
Powder Factory (closed down)
Zacky near Prague (leased)

.....
(page 7 of original)
.....

Turnover: 1936 (reckoned in Marks): M 2,200,000.—
Personnel: approx. 220 workers; 35 employees
Participations:*) Czechoslovakia.
Nobel Bickford A.G., Bratislava 75 %
See special statement

*) The (31%) participation in the Odeberger Chemical Plants A.G., Hou Odeberg, (Group Ausiger Verein), which was taken over in 1935 was disposed of again at the beginning of 1937.

TRANSLATION OF EXCEPPT OF DOC.NI- 9593
CONT'D.

| | |
|---|-------|
| <u>Aktionsgesellschaft for Use of Industrial Gases, Bratislava (Aktionsgesellschaft zur Verwertung von Industriegasen, Bratislava)</u> | |
| See special statement. | |
| <u>Chemical Industry Aktionsgesellschaft, Bratislava (Chemische Industrie A.G., Bratislava)</u> | 100% |
| See special statement | |
| <u>*Olca* United Slovakian Oil Industry Aktionsgesellschaft, Bratislava, (in Liquidation) - (*Olca* Vereinigte Slowakische Oelindustrie A.G., Bratislava)</u> | 31% |
| See special statement | |
| <u>Austria</u> | |
| <u>Oesterreichische Dynamit Nobel A.G., Vienna</u> | 100% |
| See special statement | |
| <u>Carbidwerk Deutsch-Metrol A.G., Vienna</u> | 100% |
| See special statement | |
| <u>Carbide Corporation n.b.H., Vienna (Karbid-Gesellschaft n.b.H., Wien)</u> | |
| See special statement. | |
| <u>Hungary</u> | |
| <u>*Ipari* Aktionsgesellschaft for Industrial Explosives, Budapest (*Ipari* Aktionsgesellschaft fuer industrielle Sprengstoffe, Budapest)</u> | 32% |
| See special statement. | |
| <u>Yugoslavia</u> | |
| <u>Bosnian Electricity Aktionsgesellschaft, Jajce (Bosnische Elektrizitaets A.G.)</u> | 96,7% |
| See special statement | |
| <u>*Titanit* Aktionsgesellschaft for Chemical Industry, Zagreb, (*Titanit* A.G. fuer chemische Industrie, Zagreb)</u> | 29,6% |
| See special statement. | |
| <u>Romania</u> | |
| <u>First Romanian Explosives Corporation, Bukarest, (Erste Rumonische Sprengstoff-Gesellschaft, Bukarest)</u> | 10% |
| See special statement. | |

(page 11 of original)

Group Austria.

Oesterreichische Dynamit Nobel Aktionsgesellschaft.

Location: Vienna I, Schuberting 5
Founded: 1886
Business Year: 1 January until 31 December.
Manufacture of Explosives and Safety Lamps.

TRANSLATION OF EXCERPT OF DOC. NO. 9593
CONT'D.

Development: The corporation was originally promoted under the name of the "Hungarian Explosives Aktiengesellschaft". (Ungarische Sprengstoff A.G.). In 1925 it took over the factories belonging to Dynamit Nobel A.G. in St. Lambrecht (Steiermark) and changed its name to the "Oesterreichische Dynamit Nobel A.G.". In 1933 it acquired a participation in the Enzesfelder Metal Works A.G., Enzesfeld. The power factory in Saubersdorf which had been closed down was sold in 1936.

Verwaltungsrat: Erwin Philipp, Vienna Vice-President
General Manager of
A.G. Dynamit Nobel, Bratislava
Oesterreichische Dynamit-Nobel A.G., Vienna
Dr. Hans Adler, Attorney, Vienna,
President of the Veit Magnesite Works A.G., Vienna
Dr. Lothar Komorgynski-Osaczynski, Oberleutnant,
retired, Vienna
Engineer Johann Lotia, Eng.-Major, Vienna
Dr. Paul Mueller, Treisdorf,
General Manager of the
Dynamit A.G., vorm. Alfred Nobel & Co., Treisdorf
Paul Winterstein, colonel, retired, Vienna

Management: Erwin Philipp, Vienna, General Manager
President and General Manager of the
A.G. Dynamit Nobel Bratislava
Economiastat Louis Glodko, Vienna Manager
Member of the Verwaltungsrat of the
"Titanit" Aktiengesellschaft for the Chemical
Industry, Zagreb.
Engineer Adalbert Freund, Vienna, Manager
Manager of the A.G. Dynamit Nobel, Bratislava,
Earl Baumer, Vienna Authorized agent
1,200,000.— Austrian schillings.

Stock capital:
Principal stockholder: A.G. Dynamit Nobel, Bratislava 100%
Formally 60% of the stock capital is transferred to Carbidwerk Deutsch-Hatral A.G., Vienna, for administration* by trustees.

Dividends: 1929-30: 15%; 1931-36: 12%.

Plant: St. Lambrecht (Steiermark)

Products: Detonators.

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Carbidwerk Deutsch-Hatral A.G.

Location: Vienna I, Schuberting 6
Founded: 1902
Business Year: 1 January until 31 December

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TRANSLATION OF EXCERPT OF DOC. NO. 9593
CONFID.

Purpose: Production, research in and use of calcium carbide, ferrous alloys and acetylenes as well as of other electro-thermal- and chemical products.

Development: In 1922 the plant in Deutsch-Wagram was enlarged by the acquisition of the chlorine plant in Bruckl which was taken over from the Bosnian Electricity Aktiengesellschaft, Jajce.

Verwaltungsrat: Erwin Philipp, Vienna President
General Manager of the
A.G. Dynamit Nobel, Bratislava,
Oesterreichische Dynamit Nobel A.G., Vienna
Dr. Max Bestmann, Koeln
General Manager of the
Aktiengesellschaft for Nitrogen Fertilizers,
Knapack (A.G. fuer Stickstoffduenger,
Knapack)
Dr. Fritz Forogger, Attorney, Vienna
Dr. Hugo Koller, Vienna
President of the Acetylene-Union, Vienna
Otto Manker, Munich
Management: Engineer Karl Platzner, Wien Central Manager
Member of the Verwaltungsrat of the
Nitrogen Plant Aktiengesellschaft, Ruse
(Stickstoffwerke A.G., Ruse)
Manager of the Continental Corporation for
Applied Electricity (Continental Gesell-
schaft fuer angewandte Elektrizitaet)
Basle/Vienna
Bosnian Electricity Aktiengesellschaft,
Jajce, (Bosnische Elektrizitaets A.G.)
Business Manager of the Carbide Corporation
n.b.H., Vienna (Karbid-Gesellschaft n.b.H.)
Ludwig Hopfgartner, Vienna Manager
Member of the Verwaltungsrat of the

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Austrian Fertilizers-Sulfuric Acid and
Chemical Factory Aktiengesellschaft,
Vienna (Oesterr.-Kunstduenger-, Schwefel-
saure- und chem.Fabrik A.G., Wien)
Nitrogen Plants, Aktiengesellschaft, Ruse,
(Stickstoff-Werke A.G., Ruse)
Anilinchemie Aktiengesellschaft, Vienna.
Manager of the
Continental Corporation for Applied Elec-
tricity, Basle/Vienna (Continental Ge-
sellschaft fuer angewandte Elektrizitaet,
Basel/Wien)
Bosnian Electricity Aktiengesellschaft,
Jajce, (Bosnische Elektrizitaets A.G.)
Business Manager of the
Carbide Corporation n.b.H., Vienna
(Karbid-Gesellschaft n.b.H., Wien)
Nitrogen of Lime Sales Corporation n.b.H.
Vienna (Kalkstickstoff-Verkaufs n.b.H.,
Wien).

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Report

on the chemicals-organization in Austria.

1.) Sale.

Anilinchemie A.G. is to be liquidated in order to make a complete break with the past. The new sales organization will take over only the more essentials (office machines etc.) in order to avoid the impression of a legal successorship.

The new sales organization was established on 14 June 1938 under the name of

Chemikalien-Verkaufsgesellschaft "Donau" G.m.b.H., Vienna,
(abbreviated to "Donau-Chemie")

with a capital of 200 000.--Reichsmarks, half of this amount being paid up. Farben itself subscribed for 70 % of the shares, the remaining 30 % being reserved for the manufacturing company created by the merger. For the time being, the latter were subscribed by His Excellency Riedl, the president of the Chamber of Commerce in Vienna. At the same time a trustees agreement was concluded which guaranteed the transfer of his shares to the manufacturing company at a later date.

Care was taken not to use the word "commerce" in the name of the sales organization in order to prevent the Reich Group Commerce from claiming the firm as a member later on.

In actual fact, it is not a business enterprise because it does not make purchases.

The Viennese merchants wanted the sales organization to have the legal status of an A.G. because in Austria the G.m.b.H. has a bad reputation due to various profiteer trials.

(page 2 of original)

These considerations were not, however decisive because the new German Stock Law required the much too high minimum capital of R. 500 000.-- and an extraordinarily complicated procedure for the establishment of the company, which have taken 4 months to conclude. The G.m.b.H. will presumably be registered at the beginning of July this year and will then start its activities.

2.) Manufacturing.

A merger is to be made between:

- a) Pulverfabrik Skodawerke-Wetzlar A.G. (with its 100% subsidiary Agemann & Seybel)
- b) Carbidwerke Deutsch-Watrel A.G. (with its 100 % subsidiary Oesterreichische Kunststaenger A.G. (Deutsch Wagram) and the 68 % subsidiary Continentale Gesellschaft fuer angewandte Elektrizitaet (Lanck).

Ref. a):

The capital stock is owned:

87 % by Oesterreichische Kreditanstalt
10 % by Oesterreichischer Bund (Deutsches Reich)
1.2 % by Oesterreichische Dynamit Nobel
smaller amounts by Anilinchemie, Erben Pollak und Roth.

The Oesterreichische Kreditanstalt has, through two members of its Vorstand, orally promised the sale of the shares but has refused to enter into a preliminary contract in writing. After the assets have been appraised by Deutsche Revisions- und Treuhandgesellschaft the purchase price will be agreed upon on the basis of the net assets. This appraisal has been ordered by Kreditanstalt and ourselves jointly and will be completed at the beginning of July. The shares owned by the Reich are to be purchased subsequently on the same basis through the agency of Oesterreichische Kreditanstalt. We shall be able to get hold of the remaining smaller amounts. The total value may be estimated at 7 - 8 million Reichsmarks.

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Ref. 5):

Deutsch Nitral belongs 100 % to Dynamit Nobel Bratislava. At the beginning of July there will be a conference in Budapest with Herr Philipp about the acquisition of these shares (at the same time about the acquisition of 100 % of the stock of the Oesterreichische Dynamit Nobel A.G.) The purchase price will be substantially better insofar as Bratislava, on its books, shows both participations (Oesterreichische Dynamit Nobel and Deutsch Nitral) together at the value of approximately 1 200 000.-- SK, as verified by Herr Director Dencker, while the Vienna book values amount to 6 700 000.-- SK and the gentlemen from Vienna estimate the net assets including reserves at approximately 14 500 000.-- SK. Bratislava must on the one hand reckon that if ownership conditions remain the same it is doubtful whether the Austrian participations will continue to be profitable (reduced proceeds through assimilation of prices, difficulties as a Jewish enterprise, surrender of dividend law, etc.) and on the other hand it has no practical interest in big proceeds, since in Bratislava the latter appear predominantly as book-profits and 66% of them would be paid away in taxes. On this basis, Herr Philipp's collaborators in Vienna, Frouzi and Hodi, have worked out a proposal transfer both amounts of stock against 25 annual instalments of 226 700 SK each (the present value at 4 % being 3.5 million SK). This proposal means for Bratislava a doubled book value plus 8 % interest for the duration of the annual instalments and for DAG/IG acquisition at a price high, even in the case of liquidation, they can count on remaining from annual instalments which do not involve a greater expenditure of Reichsmark than the dividend's hitherto paid to Bratislava and which are compensated by the dividend Bratislava pays to Troisdorf.

The merger cannot be put into effect until the fall because the legal construction is in the first place a tax calculation.

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Reductions in taxation, to an extent which is not yet known, have, however been announced in Austria to cover such cases. In addition, the assets of the individual companies will have to be established exactly from within, in order to ascertain the exchange rate of the shares.

As soon as we have acquired control by taking over the blocks of shares, however, the entire sales will be taken over by the Chemikalien-Verkaufsgesellschaft.

The following names are suggested for the manufacturing company:

Chemische Werke "Donau" A.G.,
Chemische Fabriken "Donau" A.G. or
Chemische Industrie "Donau" A.G.

3.) Jajce and Ruze.

These two participations of Bratislava have hitherto had their commercial and technical administrations in Vienna. This will continue to be the case in future and it will probably be done through a liaison office headed by Platzer (Deutsch Metrel) which is to be created for this purpose. Jajce and Ruze will pay 300,000.- Dinar annually for the technical assistance and will also pay a 3 % commission to Donau-Chemie for handling the export sales business.

4.) The personal treatment of these affairs

will be taken care of in Vienna by Dr. Ernst Fischer and in his absence by Dr. Gattineau. The legal questions are being handled by the undersigned who has spent two weeks in Vienna for this purpose and will make a further visit there in the near future.

The Farben Vorstand will assign the personnel and in particular appoint the members of the Vorstand and of the Supervisory Board.

Frankfurt/Main, 22 June 1938.
Htc.

signed: Dr. Mayer-Mogelin

Read and acknowledged as originating from me.

2 June 1947

(signature) Mayer-Mogelin

Signed before me this 2nd day of June 1947

(signature) Randolph H. Newman,
U.S. Civilian, B 397 712

CERTIFICATE OF TRANSLATION

I, Mona A.E. Macleod, MEP 38347, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of Document No. NI-8588.

10 September 1947.

Mona A.E. Macleod,
MEP 38347.

End

A g r e e m e n t

between

1. the Aktiengesellschaft Dynamit Nobel Bratislava, hereinafter referred to as the seller for short on the one hand
2. the Dynamit Aktiengesellschaft vorm. Alfred Nobel und Co. Troisdorf,
3. the I.G. Farbenindustrie Aktiengesellschaft Frankfurt a.M. in 2 and 3 referred to as the purchaser for short, on the other hand.

1. The seller owns the entire stock capital of

- a. the Oesterreichische Dynamit Nobel Aktiengesellschaft, Vienna, with a nominal value of 1,200,000.- schillings,
- b. the Carbidwerk Deutsch-Metrol Aktiengesellschaft, Vienna, with a nominal value of 2,800,000.- schillings.

It sells from the stock mentioned under a. a nominal value of 960,000 schillings to the Dynamit Aktiengesellschaft vorm. Alfred Nobel und Co., Troisdorf, and a nominal value of 240,000 schillings to the I.G. Farbenindustrie Aktiengesellschaft in Frankfurt a.Main.

Furthermore, it sells from the stock mentioned under b. a nominal value of 2,240,000.- schillings to the I.G. Farbenindustrie Aktiengesellschaft in Frankfurt a.Main and a nominal value of 560,000 schillings to the Dynamit Aktiengesellschaft vorm. Alfred Nobel und Co., in Troisdorf.

Effective 1 July 1938 the purchasers will take over all rights and obligations pertaining to the stock which is sold.

2. It being assumed that an examination of the assets of the Oesterreichische Dynamit Nobel Aktiengesellschaft and of the Carbidwerk Deutsch-Metrol Aktiengesellschaft would not reveal any substantial differences from the figures as of 31 December 1937, the purchase price for the stock sold is fixed at 25 /twenty five/ equal annual payments of 226,700 Reichsmark /two hundred and twenty six thousand seven hundred/ for which

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the purchasers are liable jointly and severally as general debtors; the rate of exchange for the conversion from Reichsmark into crowns is the rate of 11.50 as established in the official German/Czech clearing.

The first payment of the purchase price shall be due immediately after the effective date of the present agreement, and further payments on the 1 September of each respective year.

The dividends for the year 1937 which are paid on the stock sold belong to the purchasers and are included in the purchase price.

3. In the event that through any unforeseen events, for example, through a change in monetary values, the balance of performance and counterperformance which is accepted today by the contracting parties should be influenced to such an extent that the party which is thereby affected cannot in justice be expected to observe literally the above conditions, the latter, by means of an appropriate revision shall be brought into line with the new conditions. In the event of non-agreement a court of arbitration shall decide. The latter shall convene and proceed according to the rules of procedure for the Settlement and Arbitration Court as established by the International Chamber of Commerce in Paris.
4. It is agreed that according to the transfer obligation undertaken by the Dynamit Aktiengesellschaft, Troisdorf and I.G. Farbenindustrie Aktiengesellschaft, the above-mentioned 25 annual payments receive compensation for the dividends which are to be paid by the seller to the Dynamit Aktiengesellschaft vorm. Alfred Nobel and Co. in Troisdorf in such a way that any amounts by which the dividends exceed or fail to cover the yearly payments are carried forward to later due-dates with an addition of 5% interest.
5. As a security for the payment of the yearly installments the stock purchased as well as the stock of the Ipari Robbandanyar R.T., Budapest and of the Prima Societate Romana de Explosivi, Bukarest, which is owned by the Oesterreichische Dynamit Nobel Aktiengesellschaft, Vienna,

(page 3 of original)

shall be deposited at the banking house Eduard Greutert & Co. in Basel with the provision that after the payment of each installment of the purchase price a corresponding portion of the deposited stock shall be at the free disposal of the purchaser.

The right to exercise the company rights, in particular to cast votes and to collect dividends belongs to the purchasers from the beginning. Should the Oesterreichische Dynamit Nobel Aktiengesellschaft, Vienna and/or the Carbidwerk Deutsch-Matrei Aktiengesellschaft amalgamate with other corporations the shares deposited will be exchanged for corresponding shares in the new enterprise.

TRANSLATION OF DOCUMENT NO. NI - 8349
CONT'D.

6. Both parties are obligated to procure as quickly as possible the requisite consents of their home authorities and in particular of their national banks in order to effect such transfer. The validity of the present agreement depends thereon:

The contracting parties reserve to themselves the right to undertake any change in the terms of payment provided that the total price remain the same, in the event that such change should be necessary for a satisfactory solution of the future tax obligations of the selling corporation.

Budapest, 9 July 1938.

Aktiengesellschaft Dynamit Nobel
signed: Philipp.

Dynamit Aktiengesellschaft vorm. Alfred Nobel & Co.
signed: Dr. Schmidt signed: pp. Dr. Meyer

I. G. FARBEINDUSTRIE AKTIENGESELLSCHAFT
signed: Ilgner signed: pp. Korsten.

CERTIFICATE OF TRANSLATION

I, DOROTHY E. PLUMMER, USFET 482, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of Document No. NI - 8349.

10 September 1947

DOROTHY E. PLUMMER
USFET 482.

I.G. Farbenindustrie Aktiengesellschaft
Zentral-Finanzverwaltung
(Central Finance Administration)
Berlin NW7

To
Reich- and Prussian Ministry of Economics

B e r l i n V 8
Behrenstr. 43

13 July 1938

C O P Y

Finance Secretariat
No/P. 1214

Transfer of Oesterreichische Dynamit Nobel A.G., Vienna and Carbid-
werk Deutsch Metrel A.G., Vienna from Aktiengesellschaft Dynamit
Nobel, Pressburg.-----

We submit to you, in our own name and that of our concern
company, Dynamit-Aktien-Gesellschaft vormals Alfred Nobel & Co.,
Troisdorf (D.A.G. Troisdorf), the following statement:

For about 1½ years -i.e. since some time before the Anschluss -
we have been negotiating with the parties concerned on a pooling of
the stock and organization of the Pulverfabrik Skodowerke Metzler
A.G. Konzern, the majority of which is at present still owned by
Oesterreichische Creditanstalt and the firms Oesterreichische Dynamit
Nobel A.G., Vienna and Carbidwerk Deutsch Metrel A.G., Vienna and
their subsidiaries belonging to the Aktiengesellschaft Dynamit Nobel,
Pressburg (C.S.R.) Konzern, in order to secure the technical equip-
ment which these chemical plants have come to require through the
progress of time and the elimination of unnecessary competition among
them. Since the "Anschluss", it has become a matter of urgent neces-
sity that our plans should be carried out, as the development of the
Austrian economy, its coordination with the armament plan and Four
Year Plan, and the increase in cooperation with South-Eastern Europe
have confronted the above plants with important tasks. For this
purpose

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the existing plants, some of which are completely obsolete require
not only to be modernized and coordinated with the chemical industry
of the Reich, but also to be extended to a considerable degree.
These tasks can only be carried through by exploiting the technical
experience of the chemical industry of the Reich, and of our firm
in particular. For this purpose, moreover, big investments of
capital are required; and the Austrian plants, mainly in consequence
of the cut in prices effected in the meantime, cannot afford to make
these from their own resources.

For these reasons we have submitted to the competent Austrian
authorities the plans for the merger of the capital stock and
organization of the above-mentioned plants belonging to the Austrian
chemical industry. To reply to our request of 24 May 1938, copy of
which is enclosed, the State Commissioner for Private Economy (Staats-
kommissar in der Privatwirtschaft) in Vienna approved the establishment

of Donau-Chemie A.G. in which Skodawerke-Wetzler A.G., Carbidwerk Deutsch-Witrei A.G. and the Austrian Dynamit Nobel A.G. and their subsidiaries shall be pooled as far as production is concerned. The creation of the new company Donau-Chemikalien-Handels-Gesellschaft m.b.H. which is to function as a sales company was sanctioned at the same time, we also enclose a photostat of the approval of 2 June 1938.

In order to carry out these measures the companies Dynamit Nobel A.G. Vienna and Carbidwerk Deutsch-Witrei A.G. all of which were hitherto 100% owned by Aktiengesellschaft Dynamit Nobel, Pressburg, must be transferred to German ownership. D.A.G. Troisdorf owns a 51,1% participation in Dynamit Nobel, Pressburg, but 30% of the remaining capital stock in the hands of Fester Ungarische Commercialbank in Budapest. Besides, the corporation, in view of the importance of its production in Czechoslovakia, is exposed to a large extent to the influence of the official Czech authorities.

This situation causes us to fear that these

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organizational measures, which will necessitate considerable investments of capital and sacrifice of profits, might, as far as the Austrian corporations are concerned, fail to meet with the approval of the administration of D.A.G. Pressburg and its minority stockholders, who are interested only in the profit yielded by the participation. This would result in considerable difficulties in putting the above mentioned plans into effect.

The negotiations which we have accordingly conducted with the D.A.G. Pressburg and the Fester Ungarische Commercialbank resulted in the agreement on principle of the aforementioned agencies to the sale of the two Austrian corporations to Farben and D.A.G. Troisdorf on condition that the Czech National Bank gives its approval.

In establishing the purchase price the following points had to be considered:

According to their book values of 31 December 1937, the assets of the two Austrian corporations amount to approximately 10.4 million Austrian Schillings = 6.9 million Reichsmark. To this may be added not inconsiderable reserves. D.A.G. Pressburg and the minority stockholders considered it important that in establishing the purchase price consideration should be given not only to these values but also to their interest in maintaining the previous profits.

Since 1931, D.A.G. Bratislava has had a regular income from dividends from its Austrian participations, as follows:

| | | |
|---------------------------|---------------------|------------|
| D.A.G. Vienna 12% | Austrian Schillings | 144 000.-- |
| Carbidwerk Deutsch-Witrei | " " | 196 000.-- |
| | together | 340 000.-- |

expressed in Reichsmark, this is tantamount to an overall dividend
of RM: 226 700.--

It has now been agreed that, taking as a basis the profit regularly paid and transferred hitherto by the two Austrian companies to D.A.G. Bratislava, 25 yearly instalments of

(page 4 of original)

RM 226 700 each shall be paid for the transfer of the holdings to the German purchasers. Considered in terms of a capital investment yielding 4% interest, this corresponds to a present value of approximately RM 3 683 000.-- and therefore, represents only about half the actual value of the holdings as of 31 December 1937. D.A.G. Pressburg receives, however, -allowing for the increase in value of the Austrian Schilling - a yearly payment in Czech crowns from which all the participations can be written off in their entirety in the space of 25 years and which, moreover, yields during this period the same income (plus a small balance) as the dividends received in the recent years from the Austrian holdings.

It is further provided that the purchase price instalments shall be booked against the dividend which D.A.G. Troisdorf receives from its 51.1 % participation in D.A.G. Pressburg. From 1929 - 34 this dividend amounted to 30 %, in 1935 to 33 % and in 1936 (after the capital stock had been doubled by the issue of bonus shares) to 19 %. For 1937 a dividend of 21 % has been proposed which after deduction of 10 % dividends tax would bring D.A.G. Troisdorf an income of 2 671 100.-- Czech Crowns i.e., on the basis of the rate of exchange of 11.50 defined by the agreement, RM 232 300.--. As we assume that the profits of D.A.G. Pressburg will in future remain constant, it should not be a difficult matter to book the purchase price instalments of RM 226 700.-- each against the dividends accruing to D.A.G. Troisdorf. Any balance which may remain in a particular year will be carried forward and interest charged accordingly.

The agreement further provides that the shares of D.A.G., Vienna and Carbide Werke Deutsch-Witrol, as well as those of two foreign corporations, Izari Sotbanoanyag R.T. and Prima Societate Romana de Explosivi, Bukarest, both owned by D.A.G., Vienna, will be deposited as security for payment of the annual instalments at the bank Edward Creutzert & Cie., Biele, with the proviso that after the payment of each instalment of the purchase price a corresponding part of the deposited shares is placed at the free disposal of the purchaser.

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We believe that the above settlement as set forth in the agreement of 9 July 1938, a copy of which is enclosed, is the best which could be obtained for the two German corporations involved. In this connection particular attention must be paid to the fact that D.A.G. Pressburg also owns a number of holdings in the other countries of South-Eastern Europe which have so far proved to be important bases for our export policy. A settlement not considered by D.A.G. Pressburg to protect its interests fairly represents the danger that in spite of the influence of D.A.G. Troisdorf's capital these bases would no longer be at our disposal as before.

We therefore request you to sanction the foreign exchange required for the execution of the agreement:

- 1) for the purchase from Aktiengesellschaft Dynamit Nobel, Pressburg,
 - a) of shares to the nominal value of 960 000 Austrian Schillings of Oesterraeichische Dynamit Nobel ...G., Vienna and of shares to the nominal value of 560 000 Austrian Schillings of Carbide Werk Deutsch-

Matrei A.G. Vienna through Dynamit-Aktien-Gesellschaft vorm. Alfred Nobel & Cie, Troisdorf.

- b) of shares to the nominal value of 240 000 Austrian Schillings of Oesterreichische Dynamit Nobel A.G., Vienna and of shares to the nominal value of 2 240 000.-- Austrian Schillings of Carbidwerk Deutsch-Matrei A.G. through I.G. Farbenindustrie Aktiengesellschaft.

at a total purchase price of 25 annual instalments of RM 226 700.-- each;

- 2) for the deposition of shares of Oesterreichische Dynamit Nobel A.G., Vienna

at a nominal value of 1 200 000.-- Austrian Schillings,

of shares of Carbidwerk Deutsch-Matrei A.G., Vienna at a nominal value of 2 800 000.-- Austrian Schillings,

of shares of Ipari Robbanóanyag R.T., Budapest at a nominal value of 250 000.-- Pengoe,

of shares of Prima Societate Romana de Explosivi, Bukarest at a nominal value of 22 000 000 Lei,

at the bank E. uard Gautert & Cie, Basle,

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with the proviso that on payment of each instalment of the purchase price a corresponding part of the deposited shares is placed at the free disposal of the purchaser;

- 3) we request you to give us a firm promise that you will sanction

the clearing of the dividend to be paid to Dynamit-Aktien-Gesellschaft vorm. Alfred Nobel & Co., Troisdorf for its participation in Aktiengesellschaft Dynamit Nobel, Pressburg, for the whole debt arising from the purchase price obligation mentioned in 1) whereby the balance in Reichsmark is internally settled by the two German corporations purchasing the shares i.e. I.G. Farbenindustrie Aktiengesellschaft and Dynamit-Aktien-Gesellschaft vorm. Alfred Nobel & Cie, Troisdorf.

The undersigned whose signature appears on the right hand side (Dr. Kersten, 12 00 21) is at your disposal at any time to give you further information.

We would be extremely grateful if you would make your decision as soon as possible.

Enclosures.

Heil Hitler!
I.G. FARBENINDUSTRIE AKTIENGESELLSCHAFT
signed: Frank-Fahle signed: ppa. Kersten

CERTIFICATE OF TRANSLATION

I, Mona A.M. Macleod, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of the Document No. NI-9630.

10 September 1947.

Mona A.M. Macleod,
HRP 38347.

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ORAL CONTRACT

Before the undersigned two witnesses

- 1.) Generaldirektor Dr. Harry Berczeli, Budapest, V. Rađor u. 23
 - 2.) Direktor Wilhelm Deyhle, Budapest, V. Rađor u. 23
- The parties named hereinafter have verbally concluded a mutual agreement with the following contents:

OPERATING PARTIES:

- 1) Aktiengesellschaft Dynamit Nobel, Bratislava, hereinafter called simply the seller, represented by
 - a) Generaldirektor Erwin Phillips, Budapest, Rađor u. 23,
 - b) His Excellency Paulus Weiss, Budapest, V. Rađor Jozsef ter 3,on the one side,
- 2) Dynamit Aktiengesellschaft vorm. Alfred Nobel & Co., Troisdorf represented by
Director Dr. Karl Meyer/Dynamit Aktiengesellschaft vorm. Alfred Nobel & Co., Troisdorf, District of Cologne
- 3) I.G. Farbenindustrie Aktiengesellschaft, Frankfurt/Main represented by
 - a) Director Dr. Heinrich Gattineau, Berlin NW 7, Unter den Linden 82,
 - b) Prokurist Dr. Ulrich Kersten, Berlin NW 7, Unter den Linden 82in 2 and 3 of the following called simply the purchasers, on the other side.

- I. The seller owns the entire stock capital of
 - a) Oesterreichische Dynamit Nobel Aktiengesellschaft, Vienna, with a nominal value of Schillings 1 200 000.--,
 - b) Carbide-werk Deutsch-Oesterreich Aktien Gesellschaft, Vienna, with a nominal value of Schillings 2 800 000.--

(signed) Berczeli, Deyhle

(page 2 of original)

It sells from the stock detailed under a) shares to the nominal value of Schillings 960 000.-- to Dynamit Aktiengesellschaft vorm. Alfred Nobel & Co., Troisdorf and shares to the nominal value of Schillings 240 000.-- to I.G. Farbenindustrie Aktiengesellschaft, Frankfurt/Main.

It further sells from the stock defined under b) shares to the nominal value of Schillings 2 240 000.-- to I.G. Farbenindustrie Aktiengesellschaft, Frankfurt/Main and shares to the nominal value of Schillings 560 000.-- to Dynamit Aktiengesellschaft vorm. Alfred Nobel & Co., Troisdorf. The purchases take over all rights and obligations connected with the shares sold as from 1 July 1945.

II. The purchase price of the shares sold is fixed at RM 1 775 832.37 = Kc 15 442 000.--. This amount plus 6% interest on the remainder of the purchase price still outstanding at the time in question is to be paid to the seller in 25 (twenty-five) annual instalments in such a way that the seller receives for amortization of and interest on the purchasing price an annual sum of RM 137 700.-- = Kc 1 198 700.--. The enclosed table shows the proportions of amortization and interest being so each annual instalment.

The rate of exchange fixed for the conversion of Reichsmark into Czechoslovak Crowns is the rate of exchange defined by the official German-Czechoslovakian clearing i. e. 11.50.

As joint debtors the purchasers are jointly and severally liable for amortization of and interest on the purchasing price.

The first instalment of the purchasing price is payable as soon as the agreement becomes effective, the remaining instalments on 1 September of each year.

The dividends paid for the year 1937 on the shares sold belong to the purchasers and are included in the purchase price.

III. If unforeseen events - e.g. an alteration in the monetary situation - should influence the balance now assumed to exist between performance and counter-performance in such a way that the parties cannot reasonably be expected to sustain the above stipulations verbatim, the latter shall be adapted to suit the new situation by means of appropriate revision.

(signed) Serzelli, Dayle

(page 3 of original)

IV. It is agreed that within the framework of the seller's obligation of Dynamit Aktiengesellschaft vorm. Alfred Nobel & Co., Troisdorf and I.G. Farbenindustrie Aktiengesellschaft respectively the above mentioned 25 annual instalments can be replaced by the dividend payable by the seller to Dynamit Aktiengesellschaft vorm. Alfred Nobel & Co. in Troisdorf, any remaining balances of the respective dividend above or below the annual instalment for which an interest of 6% is charged being carried forward to the later instalments.

V. As security for the payment of the annual instalments the shares purchased as well as the shares of Ioszi Robbanoanyag R.T., Budapest and of Prima Societate Romana de Explosivi, Bucharest owned by Oesterreichische Dynamit Nobel Aktiengesellschaft will be deposited at the bank Eduard Creutert & Cie, Basle, with the stipulation that after payment of each instalment of the purchase price one twenty-fifth of the deposited shares become available to the purchasers.

The right to exercise the rights of the company -

TRANSLATION OF DOCUMENT No. NI-8533
Cont'd

in particular the right to vote to raise the dividend belongs, however, from the start to the purchasers. If Oesterreichische Ignazit Nobel Aktiengesellschaft, Vienna and Carbidewerk Deutsch-Indrei Aktiengesellschaft should effect a merger with other companies, the deposited shares are to be exchanged against the corresponding shares of the new enterprise.

- VI. Both parties have to provide as soon as possible the necessary approval of their competent authorities in order that this agreement should be put into effect, and particularly for the transfer to be effected; the validity of the agreement depends upon this.

The undersigned witnesses have drafted this memorandum on the above agreement and have signed it in their own handwriting as follows:

(Signature) Dr. Harry Bereseli

(Signature) W. Reyle

Enclosure

Budapest, 14 October 1938.

(4th page of original)

Present value of an annuity of \$2 135 700.-- at a 6½ % rate of interest:

\$2 1 775 832.37

| Years | Interest | Amortization | Annuity |
|-------|--------------|--------------|--------------|
| 1 | - | 136 700.-- | 136 700.-- |
| 2 | 106 543.85 | 30 156.15 | 136 700.-- |
| 3 | 104 583.67 | 32 116.35 | 136 700.-- |
| 4 | 102 496.06 | 34 207.94 | 136 700.-- |
| 5 | 100 272.77 | 36 427.23 | 136 700.-- |
| 6 | 97 904.98 | 38 795.02 | 136 700.-- |
| 7 | 95 383.29 | 42 316.71 | 136 700.-- |
| 8 | 92 697.75 | 44 602.25 | 136 700.-- |
| 9 | 89 837.55 | 46 862.44 | 136 700.-- |
| 10 | 86 791.55 | 49 908.45 | 136 700.-- |
| 11 | 83 547.52 | 53 152.48 | 136 700.-- |
| 12 | 80 092.59 | 56 607.41 | 136 700.-- |
| 13 | 76 413.06 | 60 286.94 | 136 700.-- |
| 14 | 72 494.37 | 64 205.63 | 136 700.-- |
| 15 | 68 321.04 | 68 378.95 | 136 700.-- |
| 16 | 63 876.44 | 72 823.56 | 136 700.-- |
| 17 | 59 142.92 | 77 557.03 | 136 700.-- |
| 18 | 54 101.70 | 82 596.90 | 136 700.-- |
| 19 | 48 732.77 | 87 957.23 | 136 700.-- |
| 20 | 43 014.93 | 93 685.07 | 136 700.-- |
| 21 | 36 925.36 | 99 774.64 | 136 700.-- |
| 22 | 30 440.00 | 106 250.-- | 136 700.-- |
| 23 | 23 533.06 | 113 166.94 | 136 700.-- |
| 24 | 16 177.19 | 120 522.81 | 136 700.-- |
| 25 | 8 343.20 | 128 356.30 | 136 700.-- |
| | 1.641 667.63 | 1 775 832.37 | 3 417 500.-- |

Copy/Pr
13 October 1938

(Signature) Dr. Bereczeli
(") Doyle

CERTIFICATE OF TRANSLATION

I, Hans A.M. MacLeod, hereby certify that I am thoroughly conversant with the English and German languages; and that the above is a true and correct translation of the Document No. WI-8633.

13 September 1947

Hans A.M. MacLEOD,
MEP 38347.

End

-4-

84

Oral Contract.

Before the undersigned two witnesses,

- 1.) Generaldirektor Dr. Harry Beresoli, Budapest, V. Mador u. 28
- 2.) Director Wilhelm Doyle, Budapest, V. Mador u. 12.

the parties named hereinafter verbally concluded a mutual

Agreement

with the following contents:

Contracting Parties:

- 1.) I.G. Farbenindustrie Aktiengesellschaft, Frankfurt/Main,
represented by:

a) Director Dr. Heinrich Gattinoni,
Berlin NW 7, Unter den Linden 82,

b) Prokurist Dr. Ulrich Kersten,
Berlin NW 7, Unter den Linden 82,

- 2.) Aktiengesellschaft Dynamit Nobel, Bratislava,
represented by:

a) Generaldirektor Erwin Philipp,
Budapest, Mador utca 28,

b) Exc. Philipp Weiss, Budapest, V. Ferenc Jozsef ter 3.

- I. Aktiengesellschaft Dynamit Nobel, Bratislava, owned the entire
stock capital of:

a) Oesterreichische Dynamit Nobel Aktiengesellschaft,
Vienna, with a nominal value of 1,200,000 Austrian
Schillings.

b) Carlswerk Deutsch-Matrai Aktiengesellschaft, Vienna,
with a nominal value of 2,800,000 Schillings.

These shares have been sold in part to the firm of I.G. Farben-
industrie Aktiengesellschaft, Frankfurt/Main and in part to
Dynamit-Aktiengesellschaft vorm. Alfred Nobel & Co., Troisdorf,
on dilatory conditions.

(signed): Dr. Beresoli (signed) Doyle

(page 2 of original)

- II. Through this sale, Aktiengesellschaft Dynamit Nobel, Bratislava, has disposed of its influence on the Austrian market in those articles belonging to the sphere of production of the two Austrian Aktiengesellschaften the shares of which have been sold and their subsidiary companies. In so doing, Aktiengesellschaft Dynamit Nobel, Bratislava, has disposed of the whole and its interests in the territory of the German Reich - including the former Austrian territory.
- III. Aktiengesellschaft Dynamit Nobel, Bratislava, assumes an obligation towards I.G. Farbenindustrie Aktiengesellschaft not to participate in future in any way, directly or indirectly, in the manufacture of those articles belonging to the sphere of production of the Aktiengesellschaften mentioned in Paragraph I of the agreement, in the territory of the German Reich, including ex-Austrian territory. This prohibition of competition also applies to any majority participation in a rival enterprise of the kind in the territory of the German Reich, including ex-Austrian territory.
- IV. This non-competition proviso shall be agreed to cover a period of 25 years, beginning 1st July 1938.
- V. In return for its observance of the non-competition proviso established above, I.G. Farbenindustrie Aktiengesellschaft, Frankfurt/Main, binds itself to pay the sum of RM 90,000.--, equivalent to Ec. 782,610.-- annually to Aktiengesellschaft Dynamit Nobel, Bratislava, as compensation, which sum shall not be subject to decision by a court of law. This sum is payable on 1 September of each calendar year. The first payment, covering the period from 1 July 1938 to 30 June 1939, will be payable on 1 September 1938, or at latest one week after the stock purchase mentioned in the introductory paragraphs of this agreement comes into effect.
- VI. The firm rate for the conversion of Reichsmark to Ec. is the rate laid down by the official German-Czech clearing agreement: 11.50.
- (signed): Dorcasoli (signed): Doyle.

(page 3 of original)

- VII. It has been agreed that within the framework of the transfer obligation of I.G. Farbenindustrie Aktiengesellschaft the sum mentioned in Paragraph V and payable annually as compensation (exactly as provided for the purchase price of the stock in the agreement mentioned in Paragraph I may be booked against the dividends payable by Aktiengesellschaft Dynamit Nobel, Bratislava, to Dynamit Aktiengesellschaft vorm. Alfred Nobel & Co., Troisdorf, belonging to the I.G. Farbenindustrie Aktiengesellschaft Konzern. Should the dividend at any time exceed or fall below the amount payable annually as compensation and purchase price plus interest, the difference may be carried forward to the instalments payable later, at the rate of 6 $\frac{1}{2}$ %.

TRANSLATION OF DOCUMENT NO. HI - 8632
CONT'D.

- VIII. Should unforeseen events -- e.g. changes in currency values -- influence the balance between performance and counter-performance, as now envisaged by the parties to the contract, in such a degree that the parties cannot reasonably be expected to adhere to the terms of the contract to the letter, the contract shall undergo appropriate revision to suit the new conditions.

The undersigned witnesses have worded this record of the above agreement and signed it with their own hand, as below:

(signed): Dr. Harry Borcsoli

(signed): Wilchin Doyle.

CERTIFICATE OF TRANSLATION

I, MONA A.M. MACLEOD, MEP 38347, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of the Document No. HI- 8632.

12 September 1967

MONA A.M. MACLEOD
MEP 38347.

(E E D)

TRANSLATION OF DOCUMENT NO. HI-9631
OFFICE OF CHIEF OF COUNSEL FOR WAR
CRIMES.

Gen. Oberfinanzpräsident Berlin
(Devisenstelle)

(Foreign Currency Office)

Berlin C2, 1 December 1935
Neue Koenigstr. 61-64
Tel. No. 52 00 14. Pa.

Office hours: 9 to 13 hours
Saturdays: 9 " 12 "

Subject: 32
Ref. No.: 87272 - 32Ba
File: Lo.J.4 - yellow -

The above reference must be
quoted in replying.

I.G. Farbenindustrie Aktien-
gesellschaft,

B e r l i n - W 1 7 -
Unter den Linden 82.

Ref: Finance-Secretariat W/P. 1214

Acquisition of Oesterreichische Dynamit Nobel A.G.,
Vienna, and Carbidwerk Deutsch-Litvet A.G., Vienna,
from Aktiengesellschaft Dynamit Nobel, Pressburg.

In reply to applications made to the Reich Minister of
Economics on 18 July and 22 September 1935, and with this
agreement, I grant the following permits in connection with
the acquisition of the above-named firms, in accordance with
Para. 21.1 of the Foreign Exchange Regulations (Dev. Ges.):

- 1) For the purchase of stock owned by Aktiengesellschaft
Dynamit Nobel, Pressburg, as follows:
 - a) nominal value 240,000 Sch.
(two hundred and forty thousand
Austrian schillings) -- stock of Oesterreich Dynamit
Nobel A.G., Vienna, and
nominal value 2,240,000 Sch.
(two million, two hundred and forty thousand
Austrian schillings) -- stock of Carbidwerk Deutsch-
Litvet A.G., Vienna, through your firm.
 - b) nominal value 980,000 Sch.
(nine hundred and sixty thousand
Austrian schillings) -- stock of Oesterreichische
Dynamit Nobel A.G., Vienna, and
nominal value 580,000 Sch.
(five hundred and sixty thousand
Austrian schillings) -- stock of Carbidwerk Deutsch-
Litvet A.G., Vienna,
through your Konzern company, the firm of Dynamit
Aktiengesellschaft vorm. Alfred Nobel & Co., Troisdorf.

(page 2 of original)

at a total purchase price of
RM 136,700 -- (One hundred and thirty-six thousand,
seven hundred Reichsmark)

annually for the space of 25 years, amounting to an
equivalent value of RM 1,775,832.37 - capitalized at

5% - with a proviso to the effect that the payments must be effected as laid down in Para. 4.

- 2) I further grant you and the firm of Dynamit Aktiengesellschaft vorm. Alfred Nobel & Co., Troisdorf, for purposes of security for the payment of the annual instalments of the purchase price, in accordance with Para. 26.2 of the Foreign Exchange Regulations, permission to deposit:

nominal value 1,200,000 Sch.
(one million, two hundred thousand Austrian schillings) -- stock of Oesterreichische Dynamit Nobel A.G., Vienna, and
nominal value 2,800,000 Sch.
(two million, eight hundred thousand Austrian schillings) -- stock of Geröidwerk Deutsch-Batrei A.G., Vienna, nominal value 250,000 pengo
(two hundred and fifty thousand pengo) -- stock of Ipari Robbananyag R.T., Budapest, and
nominal value 22,000,000 lei
(twenty-two million lei) -- stock of Societate Romana de Explosivi, Bucharest,

with the bank of Eduard Greutert & Cie., Basel, on condition that after payment of each annual instalment of the purchase price number of the shares deposited will be available for disposal by yourselves and/or the firm of Dynamit Aktiengesellschaft vorm. Alfred Nobel & Co. Troisdorf.

- 3) I am prepared to agree to your taking over an obligation to pay a non-competition compensation of RM 90,000 (Ninety thousand Reichsmark) annually for the space of 25 years through your firm in Frankfurt to Aktiengesellschaft Dynamit Nobel, Pressburg, on condition that the latter firm undertakes to abstain from all industrial activities in Reich territory belonging to the sphere of interest of the firms to be taken over by you.
Future

(page 3 of original)

payment of the non-competition compensation must be effected in accordance with Para. 4 of this communication.

- 4) At the same time I give you a binding assurance that, on submission of a concrete application in each case, accompanied by the pertinent documents, including a statement from the revenue authorities competent for the Pressburg firm that the taxes have been paid up to date, you and/or Aktiengesellschaft vorm. Alfred Nobel & Co. Troisdorf, will receive official approval for the following.

Settlement of the profits accruing in future to your Troisdorf Konzern company from its 51% participation in Aktiengesellschaft Dynamit Nobel, Pressburg, with

- a) the obligation as joint debtors stated under (1) for payment of the purchase price in 25 annual instalments and
- b) the obligation stated under (3) for payment of a non-competition compensation for the space of 25

TRANSLATION OF DOCUMENT NO. NI-8631
OFFICE OF CHIEF OF CONSUL GENERAL
BERLIN (continued)

years,
settlement to be effected simultaneously in Reichsmark
between your firm and Dynamit Aktiengesellschaft vorm.
Alfred Nobel & Co., Griesdorf.

This authorization is valid until 31 January 1939, and
is issued on the following conditions:

- aa) Submission of the purchase agreement signed with the
Pressburg firm (photostat of original or certified copy)
by 31 January 1939.
- bb) Submission of a statement from the bank of Ed. Greutert
& Cie., Essel, certifying that the stock detailed in (2)
has been deposited - to be submitted by 31 January 1939.
- cc) Submission annually of a statement from the bank of Ed.
Greutert & Cie., Essel, certifying the amount of deposited
stock released after payment of each annual instalment -
the first to be submitted by 31 January 1939.
- dd) Submission of a statement by the Pressburg firm acknow-
ledging its liability in accordance to (3) of this com-
munication by 31 January 1939.

By order,

signed: illegible

stamp: Oberfinanzpraesident Berlin
(Devisenstelle)
No. 24

CERTIFICATE OF TRANSLATION

I, Mona A.M. Macleod, NEP 39347, hereby certify that I am
thoroughly conversant with the English and German languages
and that the above is a true and correct translation of the
Document NO. NI-8631.

13 September 1947

Mona. A.M. Macleod
NEP 39347

TRANSLATION OF EXCERPTS FROM DOCUMENT No. NI-2547
OFFICE OF CHIEF OF COUNSEL FOR WAR CRIMES

M e m o r a n d u m

Subject: Discussion with Herr Philipp,
t.G. Lynmit Nobel, Pressburg, F/ks
concerning New Personnel for the
Administrative Council and Directorate
of Bratislava. 14 November 1938

On the 12th and 13th November I met Herr Philipp in Prague in order to discuss with him the new personnel for the Administrative Council and the Directorate of Bratislava. As a result of my discussion the following immediate steps are planned and will be carried out by Philipp himself :

- 1.) The Director of the Bratislava Works, Engineer Boehm, will be retired at once.
- 2.) Herr Bela Freund, Director at Bratislava, will leave Bratislava and will be at the disposal of the Company in Prague for special tasks, for the time being. Philipp will make to us suggestions on the pensioning of Freund; we may pay the whole salary in the interim.
- 3.) The two Jewish chemists, Fanto and Spitzer, will be dismissed immediately upon expiry of the period of notice stipulated by law.
- 4.) Herr Philipp will personally see to it that Messrs. Orsagh and Boucek leave the Bratislava Administrative Council at once.

The pensioning off or dismissal of Director Schwarzwald can only be discussed after his successor has been chosen. In Philipp's opinion there is no one among the staff of Bratislava who would be qualified to take over the commercial and technical management of the works if Boehm, Freund and Schwarzwald were dismissed. I am therefore in agreement with Philipp that the question of the works manager must first be decided before the dismissal of Schwarzwald is effected.

(page 2 of original)

I further settled with Philipp that, at the next general meeting, Messrs. Freund and Kress must leave the administrative council and Philipp will take the necessary measures when the time comes. I do not think it expedient to supplement the administrative council at this time by the admission of Slovaks. Experience has shown that it takes a certain amount of time before it can be clearly seen which personalities are suited to this work. I therefore suggest that we inform the Slovaks and the Group of ethnic Germans (Volksgruppe) in Bratislava that we have effected the resignation from

TRANSLATION OF EXCERPTS FROM DOCUMENT No. 11-2547
CONTINUED

(page 2 of original cont'd)

the directorate and administrative council of the officials to whom they objected and that, in principle, we are prepared to accept suitable Slovaks. The next general meeting would afford an opportunity to do this. If this course were followed, we should naturally have to give up, for the time being, the thought of nominating new Reich-Germans for appointment to the directorate and administrative council. Only for Herr Hess, who has left the administrative council, could a replacement be delegated. I should also put off Dr. Moyer's appointment to the directorate; at present, it appears that Reich-Germans may enter Slovakian industrial enterprises without difficulty, but it would be better, nevertheless, to wait and see whether this attitude is permanent. Besides, it must be considered that Bratislava, though located in Slovakia, depends mainly on its Czechoslovakian sales. Moreover, the Prague government will, in any case, carry authority to act in the next period of spheres in Slovakia also, so that it would be unwise to dismiss all Czechs and replace them at once with Reich-Germans.

I informed Philipp that Dr. Moyer will come to Prague on Thursday, 17 November. It would be helpful if he were accompanied by

(Page 3 of original)

Dr. Gettinser so that they can see them and there, among other things, whether suitable persons to whom there can be no objection from the political point of view, are available in the Bratislava works, for the management of the works.

The Commercial Committee agreed, in principle, that Herr Philipp must leave Bratislava. I did not discuss this point with Philipp and do not recommend its discussion as long as the decision of the Prague government and the National Bank concerning the sale of Austrian enterprises at Bratislava is still pending. It would probably be very easy for Philipp to create difficulties for us in Prague and we must at least reckon with this possibility. Besides, I consider it more prudent to let Philipp himself bring about the resignation of the Czech and Jewish members of the Bratislava administrative council. Furthermore, Philipp must obtain the consent of Philipp WEISS, the representative of the minority. Herr Philipp would hardly agree to do all this if he himself were asked by us to resign.

We must also talk with Philipp WEISS about Herr Philipp's resignation. In view of the fact that we intend to conclude a pool agreement with the Hungarian minority shareholders, we must avoid everything which could disturb the present favourable situation.

The Slovakian authorities must be brought to recognize the validity of all those reasons which argue against the immediate dismissal of Philipp.

signed; FISCHER

TRANSLATION OF EXCERPTS FROM DOCUMENT No. MI-2547

CONTINUED

CERTIFICATE OF TRANSLATION

17 September 1947

I, Samuel S. WORN, AGO No. 443 113, hereby certify that I am
a duly appointed translator for the German and English languages
and that the above is a true and correct translation of the
document No. MI-2547.

.....
Samuel S. WORN
AGO No. 443 113

TRANSLATION OF EXCERPTS FROM DOCUMENT NO. NI-
2547
OFFICE OF CHIEF OF COUNSEL FOR WAR CRIMES (cont'd)

Dr. E.R. FISCHER

I.G. FARBENINDUSTRIE AKTIENGESELLSCHAFT

Berlin NW7
Unter den Linden
82
Tel 12 00 21
15 November 1938.

(Trans. Note: Stamp:

Management Dept. Chemicals.
In: 17 November 1938.
answered: -----

To the members of the
South-Eastern European Committee.

Dear Sirs,

In pursuance of my discussions with General Director
PHILIP, A.G. Dynesit Nobel Prossburg on 12 and 13 inst. in
Prague, I am sending you for your information:

- 1) File note about new appointments to the Verwaltungsrat
(administrative council) and Direktion (management)
Prossburg.
- 2) File note about markets of the Prossburg works.
- 3) Carbon copy of my letter to Dr. Bachmann re nitrogen
of line.
- 4) Carbon copy of my letter to Dr. Kugler re: trichloroethy-
lene.

Mit deutschem Gruss!

(signature) R. FISCHER

Director Dr. Suetefisch, Leuna.
" Dr. Haefliger, Frankfurt.
" Dr. Eigner, Berlin.
" Dr. Kuehne, Leverkusen.
" Dr. Gattineau, Berlin
" Dr. Meyer, Troisdorf.

(Trans. note: 2 illegible initials.)

CERTIFICATE OF TRANSLATION

I, D.L. Galowski, ETO 34079, hereby certify that I am
thoroughly conversant with the English and German languages
and that the above is a true and correct translation of the
Document No. NI-2547.

D.L. Galowski
ETO 34079

(page 2 of original)

Copy
1/22.

Ministerialrat Dr. Bergemann,
Reichswirtschaftsministerium,
Berlin, 28,
Schranstr. 43.

12 December 1933

20/32

Response of D.A.G.-Pressburg's Austrian enterprises.

Dear Ministerialrat,

With reference to our conversations with you, we now submit the following brief summary of the complex of questions connected with the purchase of the Austrian participations of Aktiengesellschaft Dynamit Nobel, Pressburg:

After the Anschluss of Austria, the harnessing of the Austrian economy to the Four Year Plan and the rearmament program brought with it the necessity of introducing a new order into the Austrian chemical industry. This will be done by amalgamating Pulverfabrik Skoda-Metaller with its subsidiary company Vaggenmann, Seydel & Co. and Carlswerk's Deutsches-Layret A.G. with its subsidiary companies Oesterreichische Functouenger, Solvay-Gesellschaft and Chemische Werke A.G. and Continental-Gesellschaft fuer Angewandte Elektrotechnik for purposes of organization and production. In addition, the Austrian Dynamit Nobel A.G. is to be brought into the German program as a whole in close cooperation with Dynamit A.G. Troisdorf.

Carlswerk Deutsches-Layret A.G. and the Austrian Dynamit Nobel A.G. have hitherto been 100% subsidiary companies of Aktiengesellschaft Dynamit Nobel, Pressburg. As the latter has not assigned to these enterprises the right of their remaining under Czech influence, we have taken steps to have them transferred to our own hands and those of our German company, Dynamit Nobel A.G. Troisdorf.

(Page 3 of original)

Agreements on this subject made with Aktiengesellschaft Dynamit Nobel, Pressburg, provide for the transfer of both enterprises to Troisdorf and D.A.G. against payment of 25 yearly installments of 138,700 RM - i.e. 1,775,952.37. Aktiengesellschaft Dynamit Nobel, Pressburg has also agreed to undertake a 25-year non-competition obligation for industrial participation in the area of the German Reich, covering the field of production of the plants sold by it. A yearly sum of RM 50,000 is payable in compensation.

Provision has been made to write off the purchase price installments and the yearly non-competition compensation in settlement of the dividends accruing to Troisdorf A.G. Troisdorf through its participation in Aktiengesellschaft Dynamit Nobel, Pressburg. Experience in recent years has shown that these are approximately

equal to the yearly instalments. Any fractional amounts are to be carried forward with interest.

The Foreign Currency Office (Devisenstelle) in Berlin has issued the necessary foreign exchange permit dated 1 December 1933 - Ref. No.: Subj. 32, No. 27272/32Ba, File Lo J 4 yellow - for the purchase of the stock, the settlement mentioned above and the other subsidiary agreements contained in the contract.

The application made by Aktien-Gesellschaft Dymnit Sobel, Pressburg, to the Czech National Bank for the sanction of the contract was rejected by the foreign currency department of the National Bank at its meeting held on 24th November 1933. No reason was stated in the reply.

We should be extremely grateful if you would take up the matter in the course of the negotiations between the German and Czech governments with a view to having the contract sanctioned by the Czechs as well.

Heil Hitler!

I.G. FAHNE FINDERIS AKTIENGESELLSCHAFT

Gen. Ferzer
(typed)

Gen. Karsten
(typed)

CERTIFICATE OF TRANSLATION

I, one Mrs. Macleod, REF 39347, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of the Document No. HI-8566.

5 September 1947

Mrs. A.M. Macleod
REF 39347

Attorneys
Dr. Ernst Hoffmann
Dr. Walter Richter
Vienna, 1., Al Hof 6
Postal Savings acct - 172,688
Tel. C 2-5-90 Series

Vienna - 21 April 1939

(initials): [initials]
(Leyer-Megelin)

Member of Party
Member of the N.S.D.A.P.
(Nationalsozialistische Rechtsanwalts Bund)

To:

Dr. H. Leyer-Megelin, Attorney,
c/o I.G. Farbenindustrie Aktiengesellschaft,
Frankfurt a. Main

Grüneburgplatz.

Re:
Austria.

Dear Dr. Leyer-Megelin,

I am forwarding enclosed a copy of the minutes of our conference today.

Heil Hitler!
(signed): Dr. Richter

1 enclosure.

(page 2 of original)

I.G. Farbenindustrie

21 April 1939

Minutes of a conference with Dr. Leyer-Megelin.

1. In view of the fact that the General Meeting of Meymann & Seydel has taken place as well as that of the Kunstdünger (Fertilizer Corporation) the following steps are to be taken in order to complete the conversion:

- a) The registration of the conversion by the commercial court after a record has been established of sale.
- b) The recording of the conversion in the office of the registrar of deeds.
- c) The adjustment of the patent licenses.

2. With respect to further handling of the transaction the following is to be noted: -

- a) Kröbldwerke Deutsch-Latriel A.G.

The shares of this corporation belong to Dynamit-Nobel A.G. Fressburg, in which I.G. and Dynamit-Triebsdorf

have a 61% participation. I.G. and Troisdorf bought up all these shares by a purchase contract in July 1935, and obtained not only the consent of the remaining 49% of stockholders to the purchase, but also the approval of the German authorities. On the other hand the consent of the Czech Minister of Economics in Prague was refused.

Now I.G., by intervening in the German-Czech economic negotiations, is attempting to bring about a revision of this refusal. But in the

(page 3 of original)

meantime the Prague Ministry of Economics has lost its competency and since the breaking away of Slovakia it is the new Ministry of Economics in Pressburg which decides. The I.G. has already presented a petition there in order to obtain the authorization which it still needs.

On this occasion, - as is most desirable - there will be an adjustment of figures in relation to the request made in to Prague. I.G. hopes that it will hereby obtain certain alleviations as regards taxation.

(Handwritten marginal note): Gott. affair (Settlement)

The conversion of Harbidwerke Deutsch-Litzei, which involves the adaptation of its articles to German stock law, will only be possible when the authorization from Prague has been received, so that at the next General Meeting the I.G. can appear together with Troisdorf as a stockholder.

Dr. Mayer-Nagelin will report when this stage has been reached.

b) Powder Factory, Škodaverke-Wetzlar S.G.

A block of shares of the Creditanstalt amounting to approximately 95% has been transferred in the meantime to the ownership of I.G. A General Meeting is planned for the first week of June in order to effect the conversion and the adaptation of the articles to stock law. At the same time the name is to be changed to "Donau-Gesellschaft".

With respect to the question of the change in the articles, this is still not settled and which was taken up by Dr. Richter's office in their letter of 7 April 1939. Dr. Mayer-Nagelin will send in a further report.

(Handwritten marginal note): Škodaver affair.

(page 3 of original)

c) The final merging of Škoda-Wetzlar and the Harbidwerke Deutsch-Litzei depends on the discovery of a satisfactory solution to the question of the real estate purchase tax.

Unless the German law is introduced concerning the land purchase tax, the Austrian real estate tax of approximately 9% would fall due. This must under all circumstances be avoided. In consequence, either one must wait for the introduction of the German law relative to the land purchase tax or an exceptional authorization based on the decree of June 1933 must be considered.

Dr. Mayer-Negelin will endeavor to ascertain through Mr. Franzen when the introduction of the German real-estate purchase-tax law in the Ostmark is to be expected.

(Unadorned marginal note): Fr. (Franzen) a-Talk.

Dr. Mayer-Negelin will send a photocopy of the articles of B^W (Bodnerke-Fabrik A.G.) compared side by side with those of B.O., and will attach a draft of the new B^W articles.

(Unadorned marginal note) Fr. A.T.

STATE DEPT. TRANSLATION

I, Dorothy E. Plummer, USPT 492, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of Document No. MI - 9629.

5 September 1947

Dorothy E. Plummer
USPT 492.

TRANSLATION OF DOCUMENT NO. MI - 8634
OFFICE OF CHIEF OF COUNSEL FOR WAR
CRIMES

Translation

Slovak National Bank,
Pressburg.

Pressburg, 21 June 1939.

Ref. No. Kap.3/1939.

Aktiengesellschaft Dynamit Nobel,

Pressburg

In reply to your application of 17 April of this year

We sanction

in accordance with Para. 1 Section 1/b, reg. Vdg. No. 113/1939
d.St. G., the intended sale by you of the entire stock
capital, which is in your hands, of the companies:

a./ "Oesterreichische Dynamit Nobel Aktiengesellschaft,
Vienna",

Stock capital 1,200,000 Schillings and

b./ "Carbidwerk Deutsch-Osterei Aktiengesellschaft, Vienna"

Stock capital 2,300,000 to the firms:

of the stock capital of the company: "Oesterreichische Dynamit
Nobel A.G."

Mon. Sch. 960,000 to the firm of "Dynamit-Aktiengesellschaft
vorm. Alfred Nobel & Co.,
Troisdorf and

" " 240,000 " " " " I.G. Farbenindustrie Aktien-
gesellschaft Frankfurt/Main,
additionally

of the stock capital of the company: "Carbidwerk Deutsch-
Osterei A.G."

Mon. Sch. 560,000 to the firm of "Dynamit-Aktiengesellschaft
vorm. Alfred Nobel & Co.,
Troisdorf and

" " 2,240,000 " " " " I.G. Farbenindustrie
Aktiengesellschaft Frankfurt
a./M."

We note the conditions stated by you for the conclusion
of the sale.

The Commission
at the Slovak National Bank
set up in accordance with Reg. Vdg. 113/1939.

2 signatures

CERTIFICATE OF TRANSLATION

I, Mona A.M. Macleod, NEP 38347, hereby certify that I am
thoroughly conversant with the English and German languages
and that the above is a true and correct translation of the
Document No. MI-8634.
2 September 1947

Mona A.M. Macleod-NEP 38347

111

Oral Contract.

Today appeared before the undersigned witnesses

- 1.) Generaldirektor Otto Engländer, Engineer,
and Direktor Julius Donschintsky, Engineer,
acting on behalf of the
Pulverfabrik Schoenwarte-Metzler A.G. in Vienna,
- 2.) Generaldirektor Otto Engländer, Engineer,
and Direktor Julius Donschintsky, Engineer,
acting on behalf of the
Chemische Fabrik Wagonmann, Seybel & Co. A.G. in Vienna,
- 3.) Zentraldirektor Karl Platzer, Engineer, and
Direktor Dr. Ernst Fackhofer, acting on behalf of
Carbidwerk Deutsch-Hietroi A.G. in Vienna,
- 4.) Zentraldirektor Karl Platzer, Engineer, and
Direktor Ludwig Hopfgartner,
acting on behalf of the
Oesterreichische Kunstduenger-, Schwefelammon- und
chemische Fabrik A.G. in Vienna,
- 5.) Attorney Dr. Heinz Mayer-Wegelin,
acting on behalf of the I.G. Farbenindustrie
Aktiengesellschaft in Frankfurt a/Main,

and concluded on behalf of the firms they were representing the
following verbal

Agreement.

which as they stated was prompted by the aim to create a community of
interest under uniform control and thereby to bring about the
following amalgamation, which was authorized by the State Kommissar
in Private Economy on 2 June 1939 (3586/39).

Article 1.

The contracting parties shall conduct their business in such
a way that it is possible for each and all of the contracting par-
ties to fulfil the tasks

(page 2 of original)

not then by the incorporation of Austria into the German Reich and
by the Four Year Plan as rapidly and with as great a regard for the
economy as possible. The unifying of the commercial and technical
control which is thereby made a condition shall be safeguarded
without prejudice to the subsequent amalgamation by the following
provisions:

Article 2.

The contracting parties under 2 (Chem. Fabrik Wagonmann,
Seybel & Co. A.G.), 3 (Carbidwerk Deutsch-Hietroi A.G.) and 4
(Oesterr. Kunstduenger-, Schwefelammon- und chem. Fabrik A.G.) -

convey the management of their entire plants to the Powder Factory Skodawerke Wetzlar A.G. (contracting party under 1) which shall undertake such management for the account of the contracting parties to 2, 3 and 4 and with the care of a proper plant manager and business man shall carry out the same in its own name or in the name of the erstwhile plant owner, as it shall choose. The responsibility as established by the law and by the statutes of the members of the Vorstand and of the Aufsichtsrat of the contracting parties in 2, 3 and 4 who abstain from exercising the management themselves, will be taken over internally within the framework of this management by the Powder Factory Skodawerke Wetzlar A.G. The Powder Factory Skodawerke Wetzlar A.G. will shortly change its name to "Donauchemie Aktiengesellschaft".

Article 3.

Rights and duties pertaining to the employment contracts of members of the personnel of all the contracting parties shall not be affected hereby.

(page 3 of original)

Article 4.

Balance sheets shall be drawn up by all the contracting parties under 1 - 4 according to uniform rules.

Article 5.

The contracting parties under 1 - 4 convey the sale of their entire products, in so far as this sale is not effected by special corporations (e.g. Ferrasilium G.m.b.H.) or by other organizations which have been ordered by the authorities, to the Chemikalien-Verkaufsgesellschaft (Chemicals Sales Corporation) Donau G.m.b.H., Vienna III, Am Hauptmarkt 10, on a basis of commission. Separate agreements will be made in this respect with the sales corporation.

Article 6.

The I.G. Farbenindustrie Aktiengesellschaft (contracting party under 5) undertakes to assist the remaining parties to the agreement to the best of its ability by commercial and technical advice, planning, and participation in their purchase-contracts etc. Furthermore it also conveys the sale of its chemicals for Austria to the Chemikalien-Verkaufsgesellschaft (Chemicals Sales Corporation) Donau G.m.b.H.

Article 7.

The present Agreement shall be put into immediate effect and shall terminate on the merging of the contracting parties under 1 - 4.

TRANSLATION OF DOCUMENT No. - 9625
CONT'D.

Article 8.

2 copies of this memorandum shall be made and shall be given one to the I.G. Farbenindustrie and the other to the Powder Factory

(page 4 of original)

Skodawerke Wetzlar A.G.

Vienna, 17 January 1939.

Witnessed:
(signed)

Armin Othmar Moos v. Scille
Wien XIII, Neus Weltgasse 17

Witnessed:
(signed)

Dr. Ing. Paul Friedrich Winterberg
Wien, 3, Neulinggasse 52.

(page 5 of original)

Power of Attorney,

Austrian
Stamp Tax
1 1/2
schillings

with which we authorize

Attorney Dr. Heinz Mayer-Wegelin

to act in our name and on our behalf and to conclude with the firms Pulverfabrik Skodawerke-Wetzlar A.G., Wagemann, Seybel & Co. A.G., Carbidwerk Deutsch-Hatral A.G., and Oesterreichische Kunststoffsor-, Schwefelsaure- und chemische Fabrik A.G., all of which are in Vienna, an agreement concerning the joint management of the 4 firms hereby designated.

Vienna, 15 January 1939.

I.G. Farbenindustrie Aktiengesellschaft

(signed): Gattineau (signed): pp. Ludwige.

CERTIFICATE OF TRANSLATION

I, DOROTHY E. PLUMMER, USFET 482, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of Document No. III - 9625.

15 September 1947

(E M D)
- 3 -

DOROTHY E. PLUMMER
USFET 482.

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Dr. Herbert Musko,
Vienna I., Tollzeile 11.

Vienna, 17 May 1939.

Dr. Heinz Layer-Wegelin,
c/o I.G. Farbenind. A.G.
Frankfurt am Main. -----

Dear Dr. Layer-Wegelin,

I have settled Dr. Kneufler's case - as the first of the non-Aryan cases - with the sum of RM 18,000. This is about 80% of his legal claim, whereas the sums guaranteed him under the contract would naturally amount to much more. I enclose a copy of a statement which he signed for me before a notary.

With kindest regards and
Heil Hitler!

(signed) Dr. Musko

1 copy

(page 2 of original)

Paul Kneufler,
Neustiftgasse 121,
Vienna VII.

Vienna, the.....

Carbidwerke Deutsch-Osterei A.G.,
Alte Mauerstr. 10,
Vienna III.

Occasioned by the termination of our relations as employer and employee, I made an agreement with you, as laid down in your letter of 25 April 1939. On the basis of this agreement I made a number of claims upon you, which were, however, rejected, as you held the opinion that they no longer had any valid foundation.

On the basis of the discussions which took place between us, we compromised on a further payment of RM 18,000 - apart from the payments already made - to be made by you in final settlement of my claims.

I accordingly bind myself, of my own free will and without coercion, after payment of this RM 18,000, to make no further claim against you or of your Konzern companies (in particular Oesterr. Kunststaenger, Schwefelsaure und Chemische Fabrik A.G., Continentale Gesellschaft fuer angewandte Elektrizitaet, Kalkstickstoff-Verkaufsgesellschaft, Carbidgeellschaft, Boemische Elektrizitaetsgesellschaft in Jajce and Stickstoffwerke A.G. Ruse), nor against I.G. Farbenindustrie Aktiengesellschaft and the companies of its Konzern based on my service or on any other title whatsoever, (including the aforementioned agreement of 25 April 1939).

TRANSLATION OF DOCUMENT NO. NI-9628
OFFICE OF CHIEF OF CONSUL FOR WAR
OFFICE (continued)

Every obligation on your part regarding pension or other compensation for discharge is therefore cancelled.

The agreement made between us as to the venue (Gerichtsstandsvereinbarung) on 25 April 1939 remains in force.

Yours faithfully,

CERTIFICATE OF TRANSLATION

I, Mona A. E. Macleod, NEP 39347, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of the Document No. NI-9628.

11 September 1947

Mona A. E. Macleod
NEP 39347

TRANSLATION OF DOCUMENT NO. NI-9627
OFFICE OF CHIEF OF COUNSEL FOR WAR
CRIMES

Dr. Paul Friedrich Wintersberger,
Donau Chemie Aktiengesellschaft,

Vienna III/40,
22 May 1939.
Am Reunarkt 10.

Dr. M/A

(Mayer-Vegelin's initial)

Dr. Jur. H. Mayer-Vegelin,
I.G. Farbenindustrie A.G.,
Frankfurt (Main) 20
Grüneburgplatz.

Dear Dr. Mayer-Vegelin,

I received your letter of 17 inst. and have informed
Dr. Musko, who is conducting the negotiations with the
dispossessed non-Aryans, that he can arrange a compromise
settlement in this case too.

For your information, I may add that Dr. Kuehne has
empowered Dr. Musko to settle with the non-Aryans without
further enquiry for not more than 80% of the amounts to which
they have a legal claim.

Kindest regards and

Heil Hitler!

Yours truly,

(Handwritten note:
Ref. Rosenbach.)

(signed) P.F. WINTERSBERGER.

(Initial)

CERTIFICATE OF TRANSLATION

I, Mona A.M. Macleod, NEP 39347, hereby certify that I am
thoroughly conversant with the German and English languages
and that the above is a true and correct translation of the
Document No. NI - 9627.

5 September 1947

Mona A.M. Macleod
NEP 39347

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Documents

TRANSLATION OF DOCUMENT NO. 31 - 8576
OFFICE OF U.S. CHIEF OF COUNSEL FOR
WAR CRIMES.

I.G. FARBEINDUSTRIE AKTIENGESELLSCHAFT, FRANKFURT (MAIN) 30.

Legal Department Chemicals
Dr. MW/Htn. 30. June 1947.

Chemical interests in the Ostmark.

1.) Production.

a) Donau Chemie Aktiengesellschaft.

Capital: 7.000.000.- Schillings, according to the balance sheet made out on Reichsmark basis (probably 31 December 1939)

12 - 14,000,000.- Reichsmark. Of this approximately 96% is owned by Farben.

Vorstand members:

- | | |
|----------------------------------|-------------------|
| Director Dr. Kuehne (Loverkusen) | as full member |
| Dr. Hackhofer | } deputy members. |
| Dr. Winterberger | |

Plants in Moosbierbaum and Liesing. Later formerly owned by Chemische Fabrik Wagonmann, Seybel & Co. A.G.

Donau Chemie A.G. was created when Pulverfabrik Skodawerke-Wetzlar A.G. changed its name to "Donau Chemie A.G." on 7 June 1939. Even before this date - on 21 April 1939 - Chemische Fabrik Wagonmann, Seybel & Co. A.G. had merged with Pulverfabrik Skodawerke-Wetzlar A.G. As Chemische Fabrik Wagonmann, Seybel & Co. A.G. had always been 100% Skodawerke-owned, there was no change with regard to capital.

b) Carbidwerk Deutsch-Motrol A.G.

Capital: 2.800.000.- Schillings, after the Reichsmark conversion balance sheet (probably 31 December 1939) about 10,000,000 Reichsmarks. Capital 100% owned by Dynamit Nobel A.G., Pressburg, which itself is 51% owned by DAG, Troisdorf. (Remainder outside Farben's sphere of influence). This stock was bought by Farben from Pressburg in August 1938. The

(page 2 of original)

purchase must, however, be sanctioned by official quarters on both sides. Whereas the German government gave its consent, Czechoslovakia at first rejected the proposal; while further negotiations were proceeding, Slovakia was separated from the Protectorate, so that the government in Pressburg is now competent to decide. Not all of the officials have been appointed yet, however. Theoretically, therefore, Dynamit

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TRANSLATION OF DOCUMENT NO. NI - 8576
CONT'D.

Nobel Prag is still the sole stockholder in Carbidwerk Deutsch-Matrei.

Vorstand members identical with Donau Chemie A.G.

Donau Chemie A.G. also controls the plants of Carbidwerk on the basis of a special agreement. Plants; Bruckl and Deutsch-Wagram (Deutsch-Matrei is closed down).

Deutsch-Wagram formerly belonged to the Oesterreichische Kunstduenger-, Schwefelsaure- und Chemische Fabrik A.G., which, however, merged with Carbidwerk Deutsch-Matrei on 21 April 1939. As it was always owned 100% by Carbidwerk Deutsch-Matrei, there was no change with regard to capital.

After the final clarification of the balance-sheet and taxes, it is intended to merge Carbidwerk Deutsch-Matrei A.G. with Donau Chemie A.G.

c) Continental Gesellschaft fuer angewandte Elektrizitaet A.G.,
Basle.

Capital; 2,400,000 Sfrs. Of this 68% is owned by Carbidwerk Deutsch-Matrei and a further 28% is in non-Aryan hands and is at present being liquidated. Efforts are being made either to acquire this 28% for Farben or to interest a bank in them with which Farben has friendly relations.

(page 3 of original)

The sole plant, Landeck (Vorarlberg) is likewise controlled by Donau Chemie A.G. Director Dr. Auhne is a member of the Supervisory Board.

We are trying by means of conversion to transfer the seat of the company out of Switzerland. For this, however, special agreements must be made with the Swiss tax officials so that foreign currency need not be spent unnecessarily. Negotiations are in progress.

2.) Sales

Chemikalien Verkaufsgesellschaft Donau G.m.b.H., Vienna.

Capital; RM 100,000.--; of this 70% is owned by Farben and 30% by Donau Chemie A.G. This company (abbreviated to "Chemieverkauf Vienna") sells the products of the above-named company, as well as Farben chemical products in Austria. It also acts as agent for certain other chemical products (e.g. those of Aussig-Falkonau and Dynamit Nobel Prossburg).

(signed) Dr. Mayer-Wegelin.

(Handwritten remark):

Read and acknowledged as originating from no. 2 June 1947 (signed) : Mayer-Wegelin.

Signed before me on this 2nd day of June 1947.
(signed): Randolph H. Newman
U.S. Civilian, AGO B 397712.

TRANSLATION OF DOCUMENT XI - 8576
CONT'D.

CERTIFICATE OF TRANSLATION

I, NOHA A.M. MACLEOD, MEP 38347, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of the Document No. XI - 8576.

18 September 1947

NOHA A.M. MACLEOD
MEP 38347.

(2 2 2)

Report to the Committee for South-Eastern Europe
=====

Ref.: Donau Chemie A.G.

At a general meeting held on 7 June 1939, Pulverfabrik Skodawerke-Wetzler A.G. modified its Articles of Incorporation to bring them into line with German stock law and changed its name to Donau-Chemie A.G. As it had incorporated its subsidiary company, Chemische Fabrik Wagenmann, Seybel & Co. A.G., on 21 April 1939, this constitutes the final legal form of the property complex S.M.W. with the plants Moosbierbaum and Liesing.

The Aufsichtsrat was elected in accordance with the decisions of the Committee for South-Eastern Europe. In accordance with a request made at the last moment by Staatskommissar Kafelsberger, Herr Dipl. Kaufmann Weissknecht, a member of the staff of Gauleiter Jury/Niederdonau, was re-elected from among the former Austrian members. The Aufsichtsrat of Donau-Chemie A.G. now consists of the following members:

Reich Proper

Min.-Rat Dr. Duhl
Dr. Brestfisch
Dr. Fischer
Hoefflinger
Dr. Elgner
Dr. Paul Iheller

Ostmark

Exc. Riedl (Chairman)
Count Hardegg
Dr. Pfeiffer
v. Schoeller
Dr. Veessenmayr
Weisknecht

As the Verwaltungsrat could not be formed immediately following the general meeting, since there were not sufficient members present, the following resolutions were made in writing:

a) The following were appointed Chairmen of the Aufsichtsrat:

| | |
|--------------|---------------------|
| Exc. Riedl | Chairman |
| Dr. Duhl | 1st deputy Chairman |
| Dr. Pfeiffer | 2nd " " |

(page 2 of original)

b) The following were appointed members of the Vorstand:

| | | |
|---------------------|---------------|------------------|
| Director Dr. Kuehne | } full member | |
| Dr. Hackhofer | | } deputy members |
| Dr. Wintersberger | | |

Steps have been taken to have the resolutions officially registered and to conclude suitable contracts with Dr. Hackhofer and Dr. Wintersberger.

Simultaneously with Donau-Chemie A.G., on June 7, 1939, Carbidwerk Deutsch-Matrei also modified its Articles of Incorporation to conform with the German Stock Laws. At this general meeting the shares were still officially in the possession of the former stockholder Dynamit Nobel A.G. Pressburg (represented by Dr. Gattineau), as the Slovak Government had not yet sanctioned the sale of the stock. Dr. Gattineau has since been able to inform us that he succeeded in obtaining this sanction in Bratislava. So we are now definitely stockholders in Carbidwerk Deutsch-Matrei A.G. (with Treisdorf's participation of 20%).

The Aufsichtsrat of Carbidwerk Deutsch-Matrei consists of seven members

only, as the stock capital of Deutsch-Litree is less than RM 3,000,000 and in the case of such companies the Aufsichtsrat is limited by German stock law to seven members. As Dr. Kuehne, Dr. Buhl, Weber-Andreas and Haefliger had resolved to re-elect Dr. Bachmann to the Aufsichtsrat, the latter now consists of the following members:

- | | |
|------------------|-----------------------|
| Exe. Riedl | (Chairman) |
| Dr. Bachmann | (1st deputy Chairman) |
| Haefliger | (2nd " ") |
| Dr. Buetefisch | |
| Dr. Paul Mueller | |
| Dr. Veessenmayr | |

(Page 3 of original)

The same Vorstand members were appointed as in the case of Donau Chemie A.G.

The conversion of the capital and the balance-sheets in accordance with the decree concerning conversion (Umstellungsverordnung) will not be undertaken before the end of the year, as two important items have still to be clarified:

- a) Sales negotiations which appear to promise success are still going on with regard to the ground occupied by the factory in Liesing; and, as the price which can be obtained is between RM 2,000,000 and 3,000,000, the proper course of action is to wait until the price actually obtained can be entered on the balance-sheet; otherwise, if estimated too low, an unnecessary profit would appear; and, if estimated too high, it would show an unnecessary loss.
- b) An important feature of the balance-sheet of Carbidwerk Deutsch-Litree A.G. is the 68 % participation in Continentale Gesellschaft fuer angewandte Elektrizitaet. Value hitherto shown in the books: RM 819,593.33; value after conversion: RM 3,240,000 (approx.). As the conversion of Continentale must not be allowed to interfere with the negotiations in progress with the Basle tax authorities regarding the liquidation of the company's present headquarters in Basle, we must wait until the negotiations are concluded.

The stock capital and reserves of the complex as a whole (stock capital, open reserve fund and surplus brought forward) therefore amount in all
to a total of RM 12,902,616.67

To this must be added raised capital
(liabilities) amounting to RM 4,545,207.08

So that the balance of the complex as a
whole is shown to be the sum of RM 17,447,823.75

as at present shown in the books.

The other side of the balance sheet, in accordance with the values at present shown in the books, consists of :

(page 4 of original)

| | | |
|----------------------------|----|----------------------|
| Invested capital | RM | 5,965,484.76 |
| Participations | " | 1,198,249.63 |
| Working capital | " | 10,264,802.47 |
| plus | " | 19,286.69 |
| | RM | <u>17,447,823.75</u> |

In connection with the item "Participations" it must be noted that this includes the participations in Chemische Fabrik Wagemann, Seybel & Co. A.G. and Oesterr. Kunstduenger, which no longer appear in the conversion balance-sheet because these two companies were incorporated in the present Donau Chemie A.G. and/ or Carbidwerk Deutsch-Matrei A.G. through conversion on 21 April 1939. In spite of this fact, the item "Total participations" in the conversion balance sheet will appear as a considerably higher figure on account of the readjustment of the valuation of Continentale.

The conversion values will, according to the data which we possess at present, amount to approximately the following sums:

| | |
|----------------------------|------------------|
| Invested capital | RM 15,270,000.-- |
| Participations | " 3,530,100.-- |
| Working capital | " 10,400,000.-- |

As against this, the capital stock and reserve will amount to approximately RM 25,000,000 and the raised capital (liabilities) to RM 3,710,000.--

A comparison of the figures shows that the increases originate almost entirely (i.e. approx. RM 10,000,000) in the release of the secret reserves in the invested capital and to a lesser extent (approx. RM 2,300,000) in the conversion of the Continentale.

The valuation was done by Dr. Wintersberger in consultation with Director Dancker, Dr. Frenzel (Main Tax Department), Main Finance Administration and myself, assisted by an auditor from

(page 5 of original)

the Deutsche Revisions- und Treuhand-Gesellschaft. Director Dr. Kuehne was kept informed.

Now that the stock of Carbidwerk Deutsch-Matrei is also in our hands, having been sanctioned by the Slovak Government, there are no further obstacles to the proposed fusion. This fusion will, however, no longer be anything more than a re-organization from within. All external conditions are now completely under control. Everything connected with production is working under the name of Donau Chemie A.G., for the plants of Brueckl and Deutsch-Wagram, the property of Carbidwerk Deutsch-Matrei, which is still independent from the legal point of view, are also managed by Donau Chemie A.G. on the basis of the plant management agreement (Betriebsfuehrungsvertrag) concluded as early as August 1938. The only separation still existing is in the books. To all external appearances all the plants are working as the plants of Donau-Chemie A.G. Everything connected with sales goes through the Chemikalien Verkaufsgesellschaft Donau G.m.b.H. in future to be abbreviated to Chemieverkauf Wien, as other abbreviations have led to its being confused in numerous instances with the production company.

The projected fusion necessitates the preliminary clarification of two questions connected with tax:

- a) If the fusion takes place, ground purchase tax is payable on the ground belonging to Carbidwerk Deutsch-Matrei A.G. which is transferred to Donau Chemie A.G. The German Ground Purchase Tax Law (Grunderwerbssteuergesetz) has not yet been introduced into Austria and the Austrian Real Estate Tax (Immobiliengebuehr) -so-called- amounts to 9%. The German Ground Purchase Tax Law has not been introduced because it is to undergo modification in Germany itself as well. Even if the present preference in cases of fusion should be omitted from the new formulation of the German law,

///

(page 6 of original)

the Austrian real estate tax is still approx. RM 100,000 higher than the German ground purchase tax. On the other hand, in the absence of a definite ministerial pronouncement, it is not clear, whether the (Konzentrations-Begünstigungs-Gesetz) still force in Austria could be applied to the fusion of Donau Chemie with Carbidwerk Deutsch-Matrei. Negotiations have been initiated on this subject in both Vienna and Berlin in order to establish a satisfactory taxation figure with special reference to our case which would eliminate for the fusion all risks arising from taxation. We may expect approx. RM 200,000 amalgamation tax.

- b) We shall establish the fact in the Reich Ministry of Finance that the secret reserve which will develop with Farben is not liable to taxation. This secret reserve consists in the difference between the purchase price of the Skoda-Wetzlar and Carbidwerk Deutsch-Matrei stock and the future nominal values which will appear after the conversion of the capital of the Viennese companies. This secret reserve, which will undoubtedly develop with Farben, is not liable to taxation, because it will not be realized. To make quite certain, however, we need a pronouncement from the Reich Ministry of Finance to the effect that after the merger the exchange of shares connected with it will not be regarded as their realization.

We shall make a further report on this in due course.

As regards Continentale Gesellschaft fuer angewandte Elektrizitaet, the negotiations already mentioned with the tax officials in Basel are being conducted by Dr. Anlicker attorney, of Basel, who recently had a detailed discussion on this subject with Dr. Hintersberger and Attorney Silcher (Zefi, representing Dr. Kersten in the latter's absence).

Signed: Dr. Lauer-Negelin (typed)

Frankfurt/Main, 24 June 1939.
Hln.

CERTIFICATE OF TRANSLATION

I, MONA A. MACLEOD, NEP 38347, hereby certify that I am thoroughly conversant with the English and German languages; and that the above is a true and correct translation of Document No. NI-9526.

MONA A. MACLEOD,
NEP 38347.

End

-4-

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SACIN STATEMENT

I, Heinz MAYER-WEISLIN, after having been sworn that I will be liable for punishment for making a false statement, state herewith, under oath, of my own free will and without coercion, the following:

A U S T R I A

In acquiring enterprises in Austria the I.G. was motivated by two fundamental principles; first it wanted to develop manufacture in Austria itself so that it could supply the markets in the South-east, that is, in the Balkan countries, and then it wanted to set up plant-installations in the new land which would be a good visiting card for the I.G. via a via the government connection. I quote the latter expression in this connection from Dr. Ilgner. In a certain sense instead of using the expression a "visiting card", one might also say that through the acquisition of these enterprises the I.G. showed its interest in the aims of the German government with respect to Austria.

As regards the CHEMISCHES UNTERNEHMEN and the ÖSTERREICHISCHE DYNAMIT-NOBEL, in addition to a partial repetition of my former statements, I can say the following: Both enterprises belonged 100% to the Ignat-Nobel-Fabrik, 51% of which belonged in turn to the Dynamit-Nobel-Fabrik. Almost 2/3 (about 30%) of the remaining 49% of stock of the Dynamit A.G. Pressburg were in the hands of a Hungarian Jew. The manager of the Deutsch-Metall was a Jew of the name of Philipp.

The I.G. was considerably interested in acquiring both plants, the Deutsch-Metall and the Österreichische Dynamit-Nobel A.G. in order to have them under its immediate control. As regards its motives, they are explained by what I said above. The purchase price was arranged in a form which was exceptionally favorable to I.G. I spoke of this in my memorandum of 22 June 1938 which has been presented to me again now and in which there is a part which I think runs as follows:

"Deutsch-Metall belongs 100% to the Dynamit-Nobel-Fabrik. At the beginning of July there will be a conference in Budapest with Herr Philipp about the acquisition of these shares (at the same time about the acquisition of 30% of the stock of the Österreich. Dynamit-Nobel A.G.). The purchase price will be substantially better in so far as Bratislava, on the books, shows both participations (Österreich. Dynamit-Nobel and Deutsch-Metall) together at the value of approximately 1,300,000 million RM as verified by Herr Direktor Dancker with the Vienna book value amount to 5,700,000 million RM and the gentlemen from Vienna estimate the net assets including alephor reserves at approximately 14,500,000 million RM. Bratislava said on the one hand 'under the present conditions under the same it is doubtful whether the Austrian participations will continue to be profitable (reduced proceeds through undervaluation of prices, difficulties as a Jewish enterprise, surrender of dividend law, etc.), and on the other hand it has no practical interest in big proceeds, since in Bratislava the latter appear predominantly as book-profits and 50% of them would be paid away in taxes."

I admit that it is no longer altogether clear to me why the argument of the "Jewish enterprise" seemed so sound. Philipp, the president of the Deutsch-Metall, was certainly a Jew; but it seems to me now that the owners of the Deutsch-Metall, the Dynamit A.G. Pressburg, could simply have avoided the consequences connected with this fact by appointing another president. I did not conduct the negotiations with the gentlemen from Dynamit-Nobel Pressburg and the Deutsch-Metall in person, but I know that personnel of the Deutsch-Metall, a certain Herr Grund, for example, pointed to the tax aspect of the question. It is true

TRANSLATION OF DOCUMENT NO. NI-2583
cont'd

that, as far as I know, these gentlemen never discussed the question of the acquisition of the enterprises by I.G., but rather took it as an absolute certainty that I.G. would acquire the stock. So that there were only conversations about the technicalities of payment of the purchase price. As seen from the standpoint of the owner, that is, from the standpoint of the Dynamit Nobel Factory, both Austrian companies (Deutsch-Nobel and Oesterr. Dynamit) represented "foreign property", the sale to I.G., or to its subsidiary required the authorization of the Czech government. The Czech government refused the authorization. That the I.G. then approached the German government, for example, Dr. Bergmann of the Reich Ministry of Economy, in order that the German government should exercise pressure on the Czechs to make them give the authorizations, I can see now from the letters which have been shown me, and of which I may have received copies at that time too. But apart from these letters, I do not remember anything else. After the partition of Czechoslovakia and the occupation by Germany, the Slovak government gave its consent to the arrangement by which I.G. and its subsidiary firm, the Dynamit-Nobel Trofaldorf, acquired the Deutsch-Nobel and the Oesterr. Dynamit.

The material negotiations in Brno which resulted in the acquisition were conducted by Dr. Paul Mueller from the Dynamit Nobel Trofaldorf and Dr. Ilgar. I assume that the overall plan for the acquisition of Austrian enterprises including the Deutsch-Nobel and the Oesterr. Dynamit-Nobel also originated with Dr. Ilgar.

I have carefully read each of the two (?) pages of this declaration and have signed them personally. I have made the necessary corrections in my own handwriting and initialed them and I declare herewith under oath that I have given the full truth to the best of my knowledge and belief.

(signature) Heinz MAYER-WOLFF
Heinz MAYER-WOLFF

Sworn to and signed before me this 4th day of June 1947 at Palace of Justice, Nuremberg, Germany, by Heinz MAYER-WOLFF, known to me to be the person making the above affidavit.

(signature) Rudolph H. Kuehn
RUDOLPH H. KUEHN
U.S. Civilian, 777/12
Chief of Counsel for the Crimes
U. S. vs D. G.

CERTIFICATE OF TRANSLATION

I, DOROTHY E. PLUMMER, USFPI 482, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of Document No. NI-2583.

6 June 1947

DOROTHY E. PLUMMER
USFPI 482

E N D

A F F I D A V I T

I, Dr. Kurt KRUEGER, after having first been warned that I will be liable for punishment for making a false statement, state herewith under oath, of my own free will and without coercion, the following:

AUSTRIA. -----

1) "New Order".

The letter of 9 April 1938, containing the "New Order" for Austria, was signed by Haefliger and myself. The second signature is mine. I do not entirely exclude the possibility that I myself and my department cooperated in the letter. I am, however, convinced that the real authorship must be ascribed to others; I do not remember who they were. Haefliger was not the real official in charge of the case either; but, as the representative of the senior director of the Sales Combine for Chemicals (Chemikalien-Verkaufsgesellschaft), he was associated with the questions dealt with in the letter. Generally speaking, the purpose of the letter was to convince the German authorities that in granting Farben the requested permission to take over the Austrian factories they would serve not only the private interests of Farben but also the universal interests of Germany. By the "interests of Germany" I mean the official economic policy of Germany.

2) Deutsch-Atrei and Oesterreichische Dynamit-Nobel A.G.

It is true, that, even before the Anschluss, these enterprises were affiliated with Farben; but full control of them could only be attained through Czechoslovakia, i.e. through the Czech authorities. Farben controlled in fact Dynamit Nobel A.G., Troisdorf; Troisdorf, in its turn, controlled only 51% of Dynamit Nobel A.G., Pressburg (Bratislava); and the last-named, in consequence of its geographical location, was dependent on the Czech government in all transactions involving foreign countries. Dynamit Nobel A.G., Pressburg, owned 100% of the two Austrian enterprises Deutsch-Atrei and Oesterreichische Dynamit-Nobel A.G.

In regard to Farben's idea in purchasing the Austrian concerns and amalgamating them, I should like to make a distinction between general and factual grounds and personal motives. As in other cases, Farben's general intention was presumably to protect itself against the danger of troublesome competition, especially from the Hermann Goering Werke, which Farben thought particularly dangerous; they were well known to be active and to cherish a special animosity against Farben. If Farben could obtain a firm foothold in these Austrian enterprises, including Deutsch-Atrei, it thought itself fairly well protected against the dangers of competition of this kind. In speaking of personal motives, I refer, mainly

to Dr. Ilgner, who wanted to obtain a position of personal importance for himself in Farben through the creation of a firm foothold for Farben in Austria. He regarded the merger - i.e. the intended union of the Austrian chemical industry in Donau-Chemie - as his personal hobby-horse. His name was inextricably bound up with this plan; he had succeeded in winning over Kuehne for it as well.

Ilgner, Gattineau, Haefliger and others conducted negotiations with official quarters on behalf of Farben; on the legal side, Dr. Buhl (deceased), Ilgner's assistant Dr. Korsten (deceased), and Dr. Mayer-Wegelin to assist Buhl. I myself was only present at one discussion with the authorities.

(page 2 of original)

Gattineau's connections with the Party made him appear particularly suitable for negotiations. It is true that he had lost his most important connection - Roehm, who was shot on 30 June 1934 - but he still had old friends and acquaintances in certain Party offices. During the negotiations our people explained why it was particularly advantageous that Farben should take over the management of these enterprises, care could be taken to ensure that Farben followed the policy required by the German authorities.

I forget the details of the negotiations. The result was that Farben acquired the two enterprises, Deutsch-Metrol and Oesterreichische Dynamit-Nobel A.G. With the assistance of Herr Philipp, at that time General-Direktor of Dynamit-Nobel A.G. Prossburg, we also negotiated with the Commercial Bank of Pest with a view to purchasing its minority participation in Dynamit-Nobel A.G. Prossburg. The negotiations, however, were unsuccessful.

I have carefully read each of the two (2) pages of this affidavit and have signed them personally. I have made the necessary corrections in my own handwriting and initialed them and I declare herewith under oath that I have given the full truth to the best of my knowledge and belief.

(signed): Kurt KRUEGER

Sworn to and signed before me this second day of August 1947 at Palace of Justice, Nurnberg, Germany, by Dr. Kurt Krueger, known to me to be the person making the above affidavit.

(signed): Randolph H. Newson
240 E 397712
Office of Chief of Counsel for
War Crimes U.S. War Department.

TRANSLATION OF DOCUMENT NO. NI-11370
OFFICE OF CHIEF OF COUNSEL FOR WAR
CRIMES (continued)

CERTIFICATE OF TRANSLATION

I, Mona A.N. Macleod, MSP 38347, hereby certify that I am
thoroughly conversant with the English and German languages
and that the above is a true and correct translation of the
document No. NI - 11370.

4 September 1947

Mona A.N. Macleod
MSP 38347

MFM

MILITARY TRIBUNAL NO.

CASE NO. VII

Prosecution Document Book No. —

LIV = 54

Engf.



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| VI-6221 | | Minutes of the Conference on Czechoslovakia held on 17 May 1938 at Berlin, Unter den Linden 82 ^a , dated 23 May 1938, signed Frank-Fahle/Dihlmann, discussing, s.o., the position of Farben's agencies in Czechoslovakia with respect to their non-Aryan personnel, their relationship to Jewish banks, and shareholdings in them by Czech national circles and non-Aryans. | 6 |
| VI-9161 | | "File note on discussion in Reich Ministry of Economics, Berlin, on October 5, 1938, re: Aussig", 8 October 1938, signed Strubberg (Chemische Fabrik von Heyden), concerning von Heyden's apprehension that Farben might acquire the plants at Aussig and Falkenau. | 13 |
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| | FI-10400 | Circular letter from Prager Verein to Chemische Fabrik von Heyden, 18 October 1938: emphasizing that no branch office is authorized to act in the name of, or receive letters for, the head office in Prague. | 57 |
| | FI-9159 | Letter from Reichswirtschaftsminister, signed Brinkmann, to Dresdner Bank, Director Zinsner, 23 October 1938, stating reasons for appointing Brunner and Hader commissioners of the plants at Aussig and Falkenau, and indicating the way how Farben and von Heyden might acquire said plants. | 59 |
| | FI-10581 | Preliminary agreement concerning sale of plants at Aussig and Falkenau, 7 November 1938, between Prager Verein, on one side, Chemische Fabrik von Heyden and Farben (signed von Schmitzler/Zafliger), on the other side. | 61 |
| | FI-10405 | Letter from Farben lawyer Meyer-Wegelin to Hader, 11 November 1938; attached thereto circular letter, signed Meyer-Wegelin, to all sales departments of Farben, 10 November 1938, and draft of a circular letter to members of Conventions to be mailed by said sales departments; concerning Prager Verein. | 65 |

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| TI-1139 | | Excerpts from contracts between Prager Verein and Farben, 7 December 1938: evidencing the sale by Prager Verein to Chemische Werke Aussig-Falkenau G.m.b.H. of the plants at Aussig and Falkenau. | 73 |
| TI-9158 | | Copy of letter from Chemische Fabrik von Heyden to State Minister Lenk, Ministry of Economy and Labor, 12 December 1938, concerning reasons for organizing, together with Farben, Chemische Werke Aussig-Falkenau G.m.b.H. | 81 |
| TI-11263 | | Letter Prager Verein (Aussig plant) 20 October 1938, signed s.o. by Kusler to an employee of Aussig terminating his employ. | 84 |
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| TI-11376 | | Letter from Prager Verein to Association for Chemical and Metallurgical Production, Aussig, 16 September 1937, concerning the dismissal of Czech and Jewish employees. | 87 |
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CONFIDENTIAL

Frankfurt a.M., 6 April 1938.

Some notes concerning my stay in Vienna.

Tuesday 29 March 38, a.m.: Discussion with director General
(Generaldirektor) J o h n of the Oesterreichische Credit-
anstalt, and P o l l a k.

Discussion of the changed situation which induces
John to agree on principle to cede the majority of Skoda-
Wetzlar shares to the I.G. I mentioned about 70%, but left
the question open. JOHN (whose position, I heard later, is
endangered) does not want to be blamed for having disposed
carelessly of large share holdings. Being aware of this
tendency, obviously to be maintained by any eventual successor,
I proposed that an accounting company should audit the
accounts and that their report should serve as a basis for the
selling price. Better prospects of the works in the future -
expected by JOHN - shall be taken into account, insofar as
beside the normal selling price of the shares there will be
issued a bonus - coupon (Gonusschein) valid for a number of
years, at a nominal price and a maximum interest rate still to
be fixed. JOHN agreed to this suggestion as it holds us to
was a dangerous corner. He asked us, on request from POLLER,
to delegate in our capacity as large shareholders Dr. SCHILLER
to the executive board (Vorstand) of Skoda-Wetzlar. A letter
to that effect was sent two days later to Dr. SCHILLER; formal-
ly this appointment has to be approved by a decision of the
supervisory board (Aufsichtsrat), which due to the resignation
of the Jewish members is not in a position to act at present.
We shall recommend to elect Dr. HÄNGER to the supervisory board
(Aufsichtsrat) and in case, the number of members as required by
the articles of association should not yet be reached, we will
recommend to elect another man of the I.G. Furthermore we shall
propose Dr. von ROYER-FZ as titulary director with power of
attorney (Prokura) in the Skoda-Wetzlar as an assistant to Dr.
HÄNGER.

Tuesday, 29 March 38, p.m.: Visit with director of a bureau,
F i s c h n o e c k.

We told Mr. FISCHNOECK about our plans, stressing the
point that we are not here

(Page 2 of the original)

to exploit the situation, but to do some constructive work. Mr.
FISCHNOECK accepted our proposals favorably and asked us to
have Dr. JOHN submit to him a short report, which was done the
following day. He emphasized that he was in close contact with
Mr. KEPLER, but that no decision could be made before 10 April.

Tuesday 30 March 38: Discussion with Dr. V u e s s o n n e y e r of KEPPLER's office.

State Secretary KEPPLER was on a trip; in his place VUESSONNER received us and we reported to him about our plan. The reception was quite favorable; he said, that he couldn't give us "carte blanche", but that under the present circumstances the combination Skoda-Wetzlarwerk/Nobel-Bencora might very well be the proper one. I also explained to Dr. VUESSONNER, that there is no reason for concern, if the I.G. should be forced by the situation to send some of their members into the executive and supervisory boards of Skoda-Wetzlar and Deutsch-Werke. This would be necessary in order to maintain activity and give assistance. The official point of view, to employ Austrians, where ever possible, is known to us. We have already taken this official point of view into account, when we have trained some Austrian gentlemen already for several years. I emphasized, that no material interest for the I.G., non belonging to a supervisory board is involved, as say dividends paid to them will be deducted from their I.G. income. All these men, could be recalled later on, after the final adjustment it being well understood that we, too, will be interested to have a corresponding Austrian representation in the final set-up, when the whole plan is completed.

Saturday, 2 April, evening: I was also received by State Secretary Dr. KEPPLER, at the Hotel Imperial. I gave him a short report about our activities in Vienna. His reception was also favorable; he mentioned only, that it was not desirable that I.G. should buy all the small chemical plants in Austria.

I took advantage of the opportunity - pursuant to a cue from Dr. KEPPLER - to sound him on the attitude of

(Page 3 of the original)

German authorities as to exerting influence on enterprises in Sudeten-Czechoslovakia. KEPPLER was of the opinion that such an exertion of influence was quite desirable, but should not cost too much. The whole matter should not be considered by us from the point of revenue, because in his belief the economic prospects for Czechoslovakia were not good, as she might be barred from the South-Eastern countries. I hinted, of course, to Lussig, being aware that Czech already recently had made confidential inquiries, whether we would be interested in buying some Lussig shares by way of Dynamit Nobel Pragsburg. We also heard in Vienna from different sources that Czech enterprises are already beginning to dispose of some of their holdings in Sudeten-Czechoslovakia. KEPPLER asked me, to report to him at Berlin at my earliest opportunity on Lussig also in detail. Evidently he is very much interested in the idea. I explained to him the important role Lussig played in the South-East and also, that it wouldn't do to bar Lussig from its markets; that would mean competition in our markets and consequently a cut in the supply of foreign currencies.

Thursday, 31 March. I visited, together with Dr. HANGER, Moesbierbaum, which impressed us very favorably.

The rest of the time was filled with discussions about the Anilin-Chemie.

The following changes were initiated by a discussion with attorney WINTER (cousin of Minister FISCHBOTEK):

The Anilin-Chemie will be liquidated. To this end a resolution of Deutsch-Petro where the phrase "be dissolved" is necessary. But Deutsch-Petro is not in a position to act. Consequently, it is planned, to install Dr. HAIGER as director of Deutsch-Petro by a resolution of the supervisory board; also to designate Dr. SCHILLER I to the supervisory board of Deutsch-Petro. Anilin-Chemie will be replaced by a new establishment, the "Ostmark" Chemikalien-Werke A.G. All interested parties fully agreed, that the outward appearance of independent firms should be maintained.

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Temporarily, after the resignation of Prof. Paul Unterberg, those are the new appointments to the Anilin-Chemie:

| | |
|--|---|
| Schiller I | Delegate of the Supervisory Board to the executive board. |
| Hoos-v. Seidler) | Titulary directors |
| Dr. v. Pongratz) | |
| v. Consmbruch) (handwritten) Procurator | |

Furthermore temporarily, motivated by practical considerations, as a liaison man to the Party and the Authorities:

Eng. Karl S. Schiller.

This appointment was made on the express request of the Zofi. But it is advised to bring Dr. Schiller II later on into the Grasfabrik Metallwerke, probably as a titulary director.

The question concerning v. PONGRATZ' salary was settled. Besides, the circumstances concerning Hoos-v. Seidler were cleared up.

Furthermore,

Dr. v. LUTSCHENDORFF

received an appointment to the Anilin-Chemie, without any special title, for personnel and other administrative matters.

Schiller I will not take care, as until now, of the current business, but has the supervision. Hoos-v. Seidler remains in charge of sales for Austria. V. CONSMBRUCH takes over the negotiations of agreements and will also maintain the internal connections with I.G. representatives in the South-Eastern countries. Dr. v. PONGRATZ will be mainly active in the field of technical introduction of our products in Austria and the South-Eastern countries. Furthermore he is at Dr. HAIGER's disposal and being the Prokurist (confidential clerk) of Skoda.

Watzler and the chemical section of the Oesterreichische Nobelwerke.

The above settlement may give us the assurance, that in Vienna everything - according to human estimation - will go smoothly.

(signed) HAEFLIGER,

Enclosures:

- 1) correspondence with Director General Dr. JOHAN, Vienna.
- 2) memorandum on a new order of the chemical big industry in Austria for the KEPLER office.

(handwritten pencilled notes):

W.S. (returned to me)
Dr. Ilgner
Dr. Weiss
Travel Folder H.S.

END

CERTIFICATE OF TRANSLATION

I, Dr. HORN, Civ. 20004, hereby certify that I am thoroughly conversant with the English and German languages; and that the above is a true and correct translation of document No. BI-3981.

9 April 1947.

Dr. HORN,
Civ. 20004.

BERICHTIGUNG

Seite 3 der Vervielfältigung des Dokumentes No. NI-3981
Zeile 1 bis 7 einschliesslich, sollte lauten:

Vorläufig wurde nach Ausscheiden von Roth und Unterberg die
Anilinchemie wie folgt neu besetzt:

| | |
|-------------------|---|
| Schiller I | Delegierter des Aufsichtsrats im Vorstand |
| Moos-v. Seiller) | Titulardirektoren (handschriftlicher Vize) Prokura |
| Dr. v. Bongretz) | |
| v. Conbruch) | |

.....

Seite 3, Unterschrift sollte lauten:

(gezeichnet) MAEFLIGER

Berichtigung ausgeführt von:

JOHN J. BOLL
U.S. Civilian
AGO No. A-444412

- END -

5

I.G. FARBENINDUSTRIE AKTIENGESELLSCHAFT
BERLIN NW 7

Berlin, 23 May 1938

Hr./Mr

Minutes of the Conference on Czechoslovakia

Held on 17 May 1938 at Unter den Linden 82.

Those present were :

| | | |
|-----------------|------------------|----------|
| Dr. Frank-Paulo | | Chairman |
| Seeböck | } Reichsberg | |
| Dr. Hordani | | |
| Dr. Kufuso | } Frankfurt/Main | |
| Dr. Zimmert | | |
| Dr. Drottnor | | |
| Bueb | | |
| Gaso | | |
| Gierlichs | | |
| Dr. Kolbenheger | | |
| Dr. Kuogler | | |
| Hauerer | | |
| v. Meister | | |
| Möller | | |
| Dr. Frontzel | | |
| Wang | | |
| Sauer | | |
| Dr. Kogmann | | |
| Dihlmann | | Recorder |

General situation:

Seeböck gave an introductory report; he stated that after the incorporation of Austria in the Reich, tension had increased in the Sudeten-German parts of the country and that in all sectors of the population the political and industrial organizations were being reconstructed according to German pattern and to the tenets of National Socialism.

The stoppages in export to Austria by the textiles industry

(page 2 of original)

which occurred after the Anschluss resulted in a noticeable reduction in sales of our textile products.

(page 2 of original, cont'd)

I.G. Agencies

a) Personnel

In the main agencies:

- " Tefa ", Reichenberg and Prague, and branches,
- " Therna ", Spere & Prochaska, Prague,
- " Chausson-Malleo " S.G., Ujez - Photo Department, Prague

no persons of Non-Aryan descent were employed with the exception of two men of the " Tefa " in Brno and Prague (Eisner and Jerusalem).

It seemed that the employment in executive positions of Czech Nationalists (*Nationalistisches*) in our agencies was in the long run proving detrimental to business.

Our products were sold in Czechoslovakia by a number of smaller dependent firms functioning as approved agents, in addition to the firms mentioned above; in cases where the proprietors of those firms were of Non-Aryan descent, notice of termination of the agency contracts at the end of the year had been given.

Proposed action: The sales combine were to ascertain who were the Czech Nationalists employed in our main agencies and their branches, and whether the proprietors and/or managers of the smaller agencies were Czech Nationalists.

b) Conditions of Ownership.

It was a fact that shares in our agencies were under the administration of banks which were partly in Jewish hands.

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Our aim should be to prevent authorized sellers of I.G. products abroad from having to be in any way dependent upon Jewish banks, since we would otherwise be branded with the stigma of co-operating with Jewish firms. Furthermore, such conditions of ownership could possibly deprive us of the liberty of directing our agencies at will, as our experience in Austria had shown, if such Jewish banks should come under the direction of trustees appointed by the Government (*Nordsee*).

Moreover, it was intolerable in the long run that shares in our agencies were owned by persons belonging to Czech Nationalist circles.

(page 3 of original, cont'd)

Proposed action: The Central Finance Administration was to investigate in cooperation with the sales combines the exact conditions of ownership of our agencies and examine the question of whether it appeared possible without prejudice to our sales interests, to transfer shares from Jewish and Czech Nationalist banks and individuals to Aryans or firms owned by Aryans when we think suitable.

c) Regional Organization.

Only the "Tefa" had its headquarters within the Sudeten German area. The authorities too had deplored the lack of independent agencies of the Huma and the Tefa-Photo within Sudeten-German territory. The existence of such an organization in Sudeten German territory would have the advantage that, should the Sudeten Germans become autonomous or an Anschluss take place, a sales organization already adapted in these districts would be available.

(page 4 of original)

Proposed action: The aim was to be that those sales combines with agencies within the Czech part of the country, which supplied local customers, should build up within the Sudeten German territory suitable sales organizations with a large measure of independence.

Attorney to our Agencies in Prague:

Our Prague agencies were actually making use of the services of the Non-Aryan lawyer Dr. Fancer.

Proposed action: The Legal Department Leverkusen was requested to replace, in consultation with the sales combines concerned, the Non-Aryan lawyer Dr. Fancer by a suitable Sudeten German lawyer.

Trainees.

It seemed expedient to begin immediately and with the greatest possible speed, to employ Sudeten Germans for the purpose of training them with I.G. in order to build up reserves to be employed later in Czechoslovakia.

(page 4 of original, cont'd)

Proposed action: Seebohm was requested to propose suitable persons.

Export situation in the textiles industry.

Exports of textiles from Czechoslovakia to the Reich and to Austria in 1937 amounted to approx. 50 million Reichsmarks. 3/5 of these exports went to Austria. The stoppage in Czechoslovakian exports of finished

(page 5 of original)

textile goods to Austria was causing a reduction in production in the Czechoslovakian textiles industry and therefore a substantial reduction in the exports of our textile products. In the last analysis, even the Sudeten German order in Czechoslovakian textile mills was affected by a stoppage in exports of textiles to Austria.

Proposed action: The Political Economy Department was requested to point out during its discussions with the Reich Ministry of Commerce the situation and the developments affecting our business which would probably result from it, but without giving its own opinion.

Banks.

Most of our agencies dealt with the Jewish Doornische Union Bank. The reason for this was that the Doornische Union Bank held a 38% share in the "Tofa", controlled a great number of our important customers and was one of the seven banks authorized to work under the Clearing Agreement. As far as was known, the only German Aryan bank was the Kreditanstalt der Deutschen G.m.b.H., which had only a small network of branches and was not authorized to work under the Clearing Agreement. For these reasons it was impossible to influence the customers to make their payments to the Kreditanstalt der Deutschen G.m.b.H.

Proposed action: In order to assist the expansion of the Kreditanstalt der Deutschen G.m.b.H. or of any other German Aryan bank - Deutsche Ayrar & Industrie Bank, Prague ? - the expenditure which would be entailed in paying

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by a round-about way via one of these banks into the Clearing Agreement through one of the seven Clearing banks the amounts deposited by clients in Postal Savings Bank accounts, was to be examined.

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The Central Finance Administration and the Economics Department were to investigate the connexions which existed between the Kreditanstalt der Deutschen G.m.b.H. and the Deutsche Bank and make inquiries of the appropriate German authorities as to whether the Deutsche Agrar- & Industrie-Bank was a German Aryan bank.

Seeborn was requested to invite the managers of the Kreditanstalt der Deutschen G.m.b.H., Dr. Baumann and Kieseletter, to visit the Central Finance Administration.

Currency.

The fact that exports had dropped and that the receipts of the Treasury coffers were below the budget estimate, combined with the fact that expenditure for armaments had increased, led to the conjecture that another de-valuation of the Czechoslovakian Krouna was to be expected.

Proposed action: Measures for the safeguarding of Boney's owing to us in Czechoslovakian currency against devaluation losses would be continued.

Industrialization.

The I.G. was interested in getting to know, as far as possible, of all projects concerning the transfer of the chemical industry and the industrialization of chemical production.

Proposed action: Seeborn was requested to try to obtain detailed information.

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Sudeten German Press

The Information Office (Nachrichtenstelle) had for some time been endeavouring to publish articles of general and particular interest in Sudeten German newspapers and to this end was making use of the " Wirtschafts- und Lebensdienst G.m.b.H. ", a company sponsored by the German authorities. These articles were intended to serve as a preparation for a gradual financial strengthening of the Sudeten German newspapers by advertisements.

(page 7 of original, cont'd)

Proposed action: The Information Office, in collaboration with the sales combine would specify the newspapers which were to be sponsored, inasmuch as they were suitable for advertising our marketable products. The papers were then to be supplied with articles by the Information Office and given advertisements for insertion in order to support them financially.

Furthermore, those newspapers which had political importance and periodicals which published articles and reports with a general bias in favour of I.G. without actually giving publicity to our products, were to be supported by being given items for publication as regularly as possible.

Verein fuer chemische und metallurgische Produktion, Jussig
(Jussiger Verein)

The Jussiger Verein in which Solway & Co., Brussels, had a direct 50% interest and, in conjunction with the Zivnostenska Banka, the majority of votes, had its most important production plants within Sudeten German territory near the frontiers. Having formerly been an Austrian enterprise, the

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Jussiger Verein was managed up to a few years ago by Germans. According to our information, the Germans were dismissed from their executive posts, with a few exceptions, under pressure from the Czechoslovakian Government. Because of this, there was a preponderance of Czech Nationalists and, in addition, probably a large number of Jews in commercial and technical executive positions.

Proposed action: Seebohn was in a position and was therefore requested to obtain details of the men who had had to quit the Jussiger Verein in the course of the last few years. He would also obtain information as to where they were at present employed in Germany. The Economics Department would get into contact with such of them as have found employment with us in order to gain a more detailed knowledge of the personnel of the technical and commercial management of the Jussiger Verein.

In addition, Dr. Kuyler was requested to give relevant information, based on his personal knowledge of the Jussiger Verein, on this question of personnel which is at present of interest to us.

Signature : Franke-Pahle

Signature : Dirlmann

CERTIFICATE OF TRANSLATION

2 July 1947

I, Beryl C. RESWICK, No. D 427459, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of the document No. HI-6221.

Beryl C. RESWICK,
No. D 427459

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File note

on the conference of 6 October 1938 at the Reich Ministry

of Economics, Berlin.

Subject: Aussig.

Present: Ministerial Director (Ministerial-
dirigent) Dr. Michel)
with a Referent) from the Reich
Government Councillor Dr. Hoffmann) Ministry of
Economics
Banker Sinner
Dr. Jungel
Director Strubberg

Director ZILLESSE had arranged the conference.

In his introduction Dr. JUNGEL explained that the firm of von Heyden would be much worried about the firm's further development and existence if the Aussig factories, located in the Sudetenland, would come to hands other than those of the firm of von Heyden, especially into the hands of large trusts such as the I.G. Farben. It is stated to have already initiated negotiations which have progressed considerably. He stated that as early as spring of the current year negotiations about Aussig, which had to be kept strictly secret, had taken place between the firm of von Heyden and the Inspectorate IV for War Economy. They aimed at some gentlemen of the firm of von Heyden who know the Aussig enterprise well, taking, as soon as Aussig and Falkenau have been militarily occupied, in a capacity of members of the economic staff of the Army Group Command, the continued operation of the factories of the Aussiger Verein into their hands. It was then explained which gentlemen of Aussig are working with the firm of von Heyden and are able to guarantee the continued operation of the Aussig enterprises. With his promotion to the rank of lieutenant Dr. PFURTER had, at the end of September, been selected to enter Aussig immediately with the military occupation. Dr. JUNGEL and Director STRUBBERG said that the Aussig factory was at a distance of only 50 kilometers from Badseul; that to a large extent Aussig and Falkenau manufactured the same products as

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Heyden and their subsidiary firm at Hirschfelde. Aussig's former markets in the interior of Bohemia would, after a transitory period, be lost, the association's very considerable export would, on account of the anti-German attitude abroad, be considerably reduced and thus there would be the danger that the Aussig production would invade the firm of von Heyden's existing markets; this would result

(page 2 of original, cont'd)

in a price struggle and the basis of existence of the firm of von Heyden would be endangered considerably. The situation would be especially dangerous if the I.G. were to take over the association, since there had always been keen competition between the firm of von Heyden and the I.G., since the I.G. now already was dominating the entire West, Southern and Central Germany and, in case the Aussig factories would pass into the hands of the I.G., would also get a hold of the German East. In a situation like this it could be expected with certainty that the medium-sized industry would be smothered by the overwhelming and still increased power of the I.G. In the present case it would at all costs be necessary to impose limitations on the I.G.'s hunger for power, and to prevent a strengthening of their monopoly position. - Director STEUBER explained in detail the Aussiger Verein's branches of production at the Falkenau and Aussig factories and called special attention to the fact that dyes produced by the Aussiger Verein amounted to only a fraction, that is to about 1/5 to 1/6 of the production programme of the Aussiger Verein; and that a rather large amount of dyes which the Aussiger Verein was buying from the I.G., was being resold as trade commodities anyway. He and Dr. JUNGEL remarked that the firm of von Heyden did, in the case of an affiliation of the Aussig factories, not intend to quarrel with the I.G. on account of dyes. It would be easy to reach an agreement to the effect that dye production in Aussig would be abandoned or that, if in consideration of the 300 workers who worked there in dye production out of 1800 - 2000 employed, dye production would have to be continued, the I.G. alone would take over the sale of the dyes, or that a sales syndicate could be formed. Government Councillor Dr. HOFFMANN asked several questions the purpose of which was to point out that the Aussig factories produced a number of products

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with which the firm of von Heyden was not acquainted. The gentleman of von Heyden in turn explained that this applied only to branches of production which were of secondary importance. The individual gentlemen who are working at von Heyden's and who know Aussig are named and their field of activity is discussed. Government Councillor Dr. HOFFMANN asked the probable value of the two factories in Aussig and Falkenau. Director STEUBER answered that he estimated the turnover of these two factories at about 300 Million Czech crowns. From this one could estimate the value at about RM 15 - 20 Million. Ministerial Director (Ministerialdirigent) Dr. MICHEL took note of these explanations for their use as

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subject material. At the end Government Councillor Dr. HOFFMANN asked why the firm of von Heyden had not talked to him about the Ausseiger Verein before. Dr. JUNGEL answered that this had been strictly forbidden by the Inspectorate IV of War Economy. It had mainly been a question of the well-known action in May.

(Signature:) STRIBBERG

(Rubber-stamp:) signed STRIBBERG

8 October 1938
c/t.

CERTIFICATE OF TRANSLATION

12 September 1947

I, Fredrick C. ZORN, A-441 094, hereby certify that I am a duly appointed translator for the German and English languages and that the above is a true and correct translation of the document NI-9161.

Fredrick C. ZORN
A - 441 094.

AFFIDAVIT

I, GUENTER FRANK-FAHLE, employee of the I.G. Farbenindustrie Aktiengesellschaft from 1933-1945, keeper of the records of the Commercial Committee [Kaufmaennischer Ausschuss (KA)] from 1937-1945, after having first been warned that I will be liable for punishment for making a false statement, state herewith under oath, of my own free will and without coercion, the following:

- 1.) Together with George S. MARTIN, a representative of the Office of U.S. Chief of Counsel for War Crimes, I have been looking through the minutes of the Commercial Committee in the last few weeks, from the time of its renewal in August 1937 until the 54th meeting on 5 December 1944 in Heidelberg, with the exception of the following minutes which Mr. Martin said were not available at this time in Murnberg:

| | | | | | | | |
|--|---|---|------|---|---|---|---|
| Minutes of the 27th meeting of the KA [Kaufmaennischer Ausschuss (Commercial Committee)] | " | " | " | " | " | " | " |
| " | " | " | 47th | " | " | " | " |
| " | " | " | 51st | " | " | " | " |
| " | " | " | 52nd | " | " | " | " |
| " | " | " | 53rd | " | " | " | " |
| " | " | " | 55th | " | " | " | " |
| " | " | " | 56th | " | " | " | " |
| " | " | " | 57th | " | " | " | " |
| " | " | " | 58th | " | " | " | " |
| " | " | " | 60th | " | " | " | " |
| " | " | " | 61st | " | " | " | " |
| " | " | " | 62nd | " | " | " | " |

The minutes we have of the 30th, 31st, and 63rd meeting of the KA are incomplete.

- 2.) From 1937-1945 I kept the minutes of the KA and drew them up myself, except when I was not at the meetings. In such cases Dr. Krueger took down the minutes, and once it was Dr. Terhaar. If those minutes which are available Dr. Krueger was responsible for the following:

| | |
|-----------------------------------|-----------------------|
| The minutes of the 4th meeting on | 5 November 1937 |
| " " " " 14th | " " 9 September 1938 |
| " " " " 15th | " " 7 October 1938 |
| " " " " 16th | " " 11 November 1938 |
| " " " " 17th | " " 15 December 1938 |
| " " " " 25th | " " 13 September 1939 |
| " " " " 28th | " " 13 December 1939 |
| " " " " 29th | " " 1 February 1940 |
| " " " " 32nd | " " 27 May 1940 |
| " " " " 34th | " " 18 July 1940 |
| " " " " 44th | " " 4 November 1941. |

Dr. Terhaar drew up the minutes of the 26th meeting on 20 October 1939.

(signed) Guenter Frank-Fahle

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3.) In the following I will give all the extracts from the minutes which I could find, dealing with Austria and Czechoslovakia. In each case I will give the number of the meeting and its date, as well as the names of those people present who are now appearing as defendants in Case VI before the American Military Tribunal.

a) 2nd Meeting on 10 September 1937.

Present among others: Hermann Schmitz, Georg von Schnitzler, Paul Maefliger, Max Ilgner, Wilhelm Rudolf Mann, Heinrich Oster.

"B) Change in status of Anilinchemie - Collaboration with D.A.G. and Skoda Wetzlar.

Herr WEBER-ATREME reports on measures to be taken in Austria, which are at present under consideration. Their main principle is to establish closer relationships between the I.G. and the Skoda-Werke Wetzlar A.G. (SWW), as also between the Czech and Austrian branches of the Dynamit A.G. vorm. Alfred Nobel and Co. (D.A.G.) and the SWW, in order to prevent General-director POLLAK of the SWW in this way from seeking closer connections with other chemical industries, in particular with AESSIG or KONTROBATIV, and to deter him from pushing on his plans - either alone or jointly with one of these groups - for the industrialization of the chemical industry in Austria.

The firms D.A.G., SWW and the I.G. Group are each to take over 1/3 of the Anilinchemie A.G.'s capital stock amounting to 300,000 Austrian shillings, so that, by taking Herr PHILIPP and Herr POLLAK into the Verwaltungsrat of Anilinchemie, permanent contact may be assured and a Discussion Corporation (Diskussions-Gesellschaft) may be established for all questions regarding development in Austria.

Over and above this an endeavor is to be made to coordinate the sales of the three companies through Anilinchemie more effectively than hitherto - DAG and SWW are already selling a large part of their production through Anilinchemie - so that by means of a larger assortment, increased protection against AESSIG and other firms may be assured.

In this connection Dr. OSTER discussed the question of how far the sale of nitrogen, which is now in the hands of DEAG, could also be transferred to Anilinchemie.

It is agreed that these questions should be discussed in detail with Herr PHILIPP, who is at present in Berlin. At the same time Herr PHILIPP should be asked to support our interests in the South East of Europe with regard to other questions as well, such as for instance the project of establishing a nitrogen factory in Austria. Thereupon Generalrat SCHMIDT invites Herr PHILIPP to the meeting. He thanks Herr PHILIPP for supporting I.G. interests not only in Austria but also in all states in the South East of Europe. Dr. von SCHEITLER mentions particularly the assistance rendered in connection with AESSIG and asks Dr. ILGNER to express our ideas to Herr Philipp.

(signed) Mentor Frank-Fehin.

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After a lengthy discussion Herr PHILIPP expresses his willingness to participate in the realization of our plans."

3) 3rd Meeting on 7 October 1937.

Present among others: Georg von Schnitzler, Wilhelm Rudolf Mann, Heinrich Oster.

*1c) Change in Status of Anilinchemie.

Herr Weber-Andreas reports on his negotiations with Herr Pollak of Skoda-Wetzlar."

c) 5th Meeting on 10 December 1937.

Present among others: Hermann Schmitz, Georg von Schnitzler, Max Ilgner, Wilhelm Rudolf Mann, Heinrich Oster.

*3) Commercial political relations with Austria/ Industry conferences.

The suggestion of Dr. von SCHITTLER is accepted, according to which the economic group Chemical Industry will be informed that we have nothing to bring forward which is suitable for discussion within the framework of the industry conferences which have been planned by the Reich Group Industry."

d) 7th Meeting on 19 February 1938.

Present among others: Hermann Schmitz, Georg von Schnitzler, Paul Hofflinger, Max Ilgner, Wilhelm Rudolf Mann, Heinrich Oster.

*8) Commercial political relations with Austria/ Industry conferences - Importation of German fertilizers to Austria.

Dr. Oster explains the situation of nitrogen-salts in Austria and expresses his concern as to the inter-state industrial conferences which may result in difficulties for the international nitrogen business. These hesitations are shared in general by those present.

Dr. Frank-Walle reports that the economic political department of I.G. Berlin NW 7 has given verbal confirmation to the Reichsgruppe Industrie and the Wirtschaftsguppe Chemie, as to the position taken by the I.G. sales combine with respect to the program of the industrial conferences.

After this Herr Weber-Andreas reports on the latest development in the Skoda-Wetzlar affair."

c) 9. Extraordinary Meeting on 23 March 1938.

Present among others: Paul Hofflinger, Max Ilgner, Wilhelm Rudolf Mann, Hans Kugler.

*1) General.

Herr Otto, on opening the meeting, lays stress on the fact that the extraordinary meeting has been called for the purpose of discussing the questions which arise from the reincorporation

of Austria in the Reich.

Herr Schiller then gives a detailed report of developments in Austria in the last few weeks and of the effects on the sales organization of I.G. and of the firms connected with I.G.

(signed) Guenter Frank-Fahle.

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Dr. Frank-Fahle reads an exposé containing a survey of the present status of the principal I.G. interests in Austria. It is decided to complete this exposé and to keep it for internal use.

2) Skoda-Wetzler - DAG.

Discussion of the situation as it presents itself since the recent developments shows that there is no longer any obstacle to the immediate carrying out of the first step, namely, the acquisition of the majority of Skoda-Wetzler, before the complete merging of the two companies, as planned at an earlier stage, is resolved upon. It is therefore decided that for this purpose Herren HAEFLIGER and SCHILLER shall establish connections through Herr FESERMEIER with Secretary of State KIPPLER, the Reich Plenipotentiary for Austria, in order to hasten the execution of this step.

It is agreed that the interests of the DAG in Austria and in South-East Europe must be subjected to reorganization. A plan for this is to be worked out on the occasion of Herr PHILIPP's visit in Berlin on 30 March of this year in concurrence with Dr. MUELLER and Berlin NV 7. As a matter of principle the DAG will separate its interests in chemicals and explosives, so that the former will come within the scope of the present Skoda-Wetzler, and the latter will require a new set-up, possibly in connection with Hirtenberg, which other German industrial enterprises are also interested in.

3) Personnel.

There exists complete agreement as to the fact that, in order to safeguard uniform Farben interests, all non-Aryans employed by the Austrian organizations, in accordance with the directives issued by Geheimrat SCHLES, should be given leave of absence, or should be dismissed at the earliest possible date. Likewise, the members of Aufsichtsrats and Verwaltungsrats, insofar as they are non-Aryans, are to be asked to give up their mandates.

Herr SCHILLER reports that he was asked to fill the gaps in the management of Skoda-Wetzler and DAG resulting from the elimination of non-Aryans, he says that this has partially been taken care of, temporarily, by the personnel procured by the Sales Combine Chemicals and by Berlin NV 7.

Dr. MUELLER reports in this connection on his conferences with Generalmajor THOMAS and thanks Herr SCHILLER for his intervention in the interests of the Explosives Concern.

4) Organization.

Changes in representatives are to be made at the earliest possible date in the sales offices of the I.G. It will still be possible to procure the authorization even within the framework of the laws which have been published. In this connection the liquidation of Anilinchemie A.G. is decided upon.

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5) Nitrogen-Factory and Hydrogenation

are not handled, as they must first be discussed with the German authorities.

6) Nitrogen-Sales.

Herr HAUSER reports that members of the syndicate are in Austria at the moment, studying conditions for the new organization which is required. With regard to technical nitrogen it will be possible to form an opinion only when a solution has been found for the future representation of chemicals.

7) Sales of Motor Fuel (Treibstoff-Vertrieb).

The affair of the motor fuel sales requires preliminary discussion for which Dr. FISCHER has already fixed a day.

8) Future Invoicing.

Dr. WÜLLER reports that for the time being the Farben sales combine will make out all its invoices in schillings in order to maintain the general price level, and that the cartel firms have adopted the same decision. The Chemical Sales Combine is also making out invoices in schillings, except where they have already been drawn up in Reichsmark; there may have to be changes in the prices, if this should become necessary in order to maintain the price level or in view of the competition there has been up to now.

9) 10th Meeting on 22 April 1933.

Present among others: Georg von Schnitzler, Paul Wofflinger, Max Ilgner, Wilhelm Rudolf Mann, Heinrich Oster.

10) Austria.

Discussion is devoted to the situation which has arisen through the incorporation of Austria, and in particular with respect to the sales organizations. Dr. Frank-Fehle reports on the Austria Meeting on 19 April of this year, the minutes of which are to be attached to the record of the Commercial Committee.

11) Czechoslovakia.

Our relationship with Aussig is discussed in detail in connection with our interests in Czechoslovakia and South East Europe. The proposal made by Aussig which is mentioned in the minutes of the Austria Meeting of 19 April 1933 is discussed and developed.

Dr. Ilgner suggests that the Sudeten German press be used to an increasing extent for publicity.

And the record mentioned under 8) of the Austria Meeting on 15 April 1938, which was attended by Paul HAFLIGER, Max ILGER and Hans KUEHN among others:

As it appears from reports of HAFLIGER, HAIGER, and SCHILLER - which partly had been previously submitted in written form, and partly were again read during the meeting - neither the Party nor the authorities in Germany proper (Altreich) and in German-Austria have any fundamental objections to our long-cherished plan of uniting the chemical industry of Austria, i.e., of DAG, or Deutsch-Alteol and SWI, respectively. They feel that our cooperation (Zusammenfassungstellung) in the

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management of the two enterprises which was asked for by the gentlemen in charge there, is to be considered as a logical development. However, we cannot count on the next few weeks bringing us the necessary authorizations for new foundations, for the acquisition of stock and the conclusion of loan agreements and agreements as to options, the reason being that there is a desire for a 100% observance of the existing decree relating to the economic blockade.

On the other hand, for a further operation of the works on orderly lines it is necessary to create committees capable of negotiating in the Vorstand and in the Administration of SWI and Deutsch-Alteol.

KUEHN therefore said he was willing to offer the services of Dr. Seckhofer (a German-Austrian and up to now the deputy manager of the plant in Urdingau) for the active technical management both in SWI and Deutsch-Alteol.

ILGER suggests that Dr. Paul MUELLER be asked for his consent to having HACKHOFFER and SCHLISSE appointed as members of the Vorstand of Deutsch-Alteol, and at the same time of LAIBECK and WAGRAU.

At the present moment it does not seem expedient to present a second person as member of the Vorstand of SWI; since, however, HAIGER is scheduled for the Verwaltungsrat of SWI, when the new elections take place at an extraordinary general meeting on 2 May 1938, and is to act as representative of the Verwaltungsrat in the business management, where he is to be entrusted with the technical control of the enterprise, he can immediately be replaced by HACKHOFFER.

The I.G. has been asked by the Kreditanstalt to make further suggestions for new appointments to the Verwaltungsrat of SWI. SCHILLER will give JOBAK the names of Herrrn KUEHN and HAFLIGER and will report to Frankfurt or to Berlin as to whether contacts established with REUBACHER and VONSELMAYER produce any further suggestions especially for German-Austrians.

As regards plant management the following posts are wanted:

1.) in Deutsch-Alteol
Brueckel Plant

Proposal: Dr. R a i n e r

Landeck Plant

Proposal: H o e s b a c h e r (Engineer)

Wagram Plant

Proposal: Dr. A d l e r .

Kruger will take the necessary decisions when he is on the spot.

3.) In SW

Moeslerbaum Plant
Liesing Plant
Leopoldau Plant.

For the latter no suggestions have been received as yet. However, it seems possible that the people already there may be used. But Kruger is to decide this, too, when he gets there.

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There is only brief discussion as to changes in the personnel of Anilinchemie and new appointments which may subsequently become necessary in the purchasing and book-keeping departments etc. of Deutsch-Metrol and SW; in this connection Schiller will have to obtain the necessary decisions directly from Frankfurt or Berlin.

In addition, a detailed discussion takes place as to the possibilities of combining the different firms in German Austria, and of creating a new order in general in our industrial interests in South East Europe, as far as the new situation, that is, the incorporation of German Austria into the Reich makes this necessary. Plans which were previously discussed for relinquishing one or the other of the spheres of influence affiliated to DAG in exchange for a more pronounced participation in the Austrian enterprises, are dropped. Kruger is instructed that when he is in Budapest next week he is to look into the possibility of acquiring the minority participation of the Pester Ungarischen Kommerzbank in DAG Bratislava. Should this attempt fail, the possibility must be investigated of a Pool agreement with the Hungarians as regards the joint possessions in stock of DAG Bratislava, and of a leasing of the Austrian plants of DAG Bratislava. In view of the fact that the question is still quite open as to whether there will be a fusion or a leasing, and whether the separate companies and their respectively existent administrations will be kept, the drawing up of a list of suggestions for appointments to the Verwaltungsrat of the new company (Ostmark Chemie) is temporarily postponed.

On the other hand, investigations must be made at once to see to what extent there is a necessity for changes in the personnel and organization of the ^{South} East European subsidiary companies of DAG Bratislava, as well as in the latter itself.

In reply to Aussig's suggestion for an exchange of stock, Aussig-shares for DAG shares, no definite decision can be taken for the moment.

FIGURE takes up the discussion with Geheimrat SCHNITZ on the possibility of a sale of Aussig stock.

Data explaining the significance of the "Aussig" complex are to be prepared as speedily as possible in Berlin and Vienna. "

g) 11th Meeting on 24 May 1939.

Present among others: Hermann Schmitz, Georg von Schmitsler, Paul Hoefliger, Max Ilgner, Heinrich Gattinoni, Hans Mugler.

10) Austria.

Dr. ILGER reports on the measures which have been taken. Dr. Fischer is appointed as Plenipotentiary for Austria. As he is prevented by military service from taking up his position immediately, Dr. GATTNER will take over his duties for him in the meantime. In this connection it is stated that the necessary steps for the acquisition of Skoda-Wetzlar are to be continued.

11) Hungary/Czechoslovakia.

Dr. Frank-Fahle reports on the Czechoslovakia conference which took place on 17 May this year.

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The minutes of this conference are handed round to all present. After this a discussion of the situation takes place and of the measures to be taken, in particular with respect to the Aussiger Verein.

Plenipotentiaries for Hungary and Czechoslovakia will be decided on later."

12) 12th Meeting on 16 June 1938.

Present among others: Georg von Schnitzler, Paul Hoflinger, Max Ilgner, Heinrich Oster.

1) Austria.

Dr. ILGER and Dr. Fischer report on the negotiations which took place and the measures to be adopted as a result of the approval granted 2 June 1938 by the State Kommissar for Private Enterprise for the acquisition of the Skoda-Werke Wetzlar A.G. and the formation of the Chemische Werke Donau A.G.

With regard to the D.A.G. (Dynamit A.G. vorm. Alfred Nobel & Co.) Vienna, and the Carbid-Werke Deutsch-Welzlar A.G. a proposition has been submitted by the D.A.G., Bratislava, to sell these companies at a suitable price to the Chemische Werke Donau A.G. The Reich will take over the Sprengstoff-Werke Elmau A.G. (Explosives works), and thereby eliminate the commercial explosives.

It is agreed that the Chemische Werke Donau A.G. shall be constructively extended and that the I.G. shall, within its sphere of interest, participate with all its might in the building up of Austria and place its cooperation at the disposal of official agencies.

It is decided that in all matters of a general nature which concern firms belonging to our sphere of interests in the country of Austria, Dr. ILGER will act as central authority for the I.G., and that Dr. Fischer, as plenipotentiary for the country of Austria, shall work under him.

Herr KASCHNER reports on the proposal of Dr. Fattinger, Director General of the Treibacher Chemische Werke A.G., Kärnten, to the effect that the I.G. should take an interest in the Treibacher Werke.

2) South East Europe.

It is agreed that it would be desirable to bring about a substantial increase of our participation in D.A.G., Bratislava, and that the possibilities for this should be examined by the Central Finance Administration.

TRANSLATION OF DOCUMENT NO. MI-9239
CONT'D.

Our relationship to the Aussiger Verein is discussed, and Dr. von SCHWITZLER describes in particular the position of Aussig in the Farben cartel. He wins approval for the lines along which he proposes to negotiate at the conferences in Basel. If possible an attempt must be made to carry out what was previously suggested with respect to Aussig.

1) 13th Meeting on 15 July 1938.

Present among others: Georg von Schnitzler, Heinrich Oster.

9a) Elimination of the Austrian Plants from D&G Bratislava.

Dr. Fischer reports on the conferences in Budapest which led to an agreement between Treisdorf, Bratislava and I.G., the

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carrying-out of which still awaits official authorizations.

9b) Skoda-Werke Wetzlar A.G.

The acquisition of the stock of this company is discussed.

9c) Treibacher Chemische Werke A.G.

Dr. Fischer reports on the continuation of the negotiations, in particular on the anticipated amount of the participation and costs of acquisition, as well as on the possibility of an increase in the production of current."

2) 15th Meeting on 7 October 1938.

Present among others: Hermann Schmitz, Georg von Schnitzler, Paul Hofflinger, Max Ilgner, Hans Kuchno, Heinrich Oster, Heinrich Gattinoni, Hans Kayler.

2a) Czechoslovakia.

Dr. von SCHWITZLER first reports on our action concerning Aussig, the result of which was that Dr. KUGLER and Herr Brunner - Engineer (Aussiger Verein, Falkenberg plant) were appointed commissioners for the maintenance of the plants situated in the Sudeten-German areas by the Reich Ministry of Economics, the Organization of NSDAP abroad (Auslandsorganisation) and the High Command of the Armed-Forces (Brunner as technical commissioner, KUGLER as commercial commissioner). Dr. von SCHWITZLER and Dr. ILGNER undertook to inform the competent authorities as to I.G.'s attitude towards the whole complex of questions; the FLICK-Konzern is to be contacted, too, in the same connection.

2b) Austria.

Dr. ILGNER reports on the acquisition of the Skoda-Wetzlar shares and the conclusion of the agreement with the Austrian Ministry of Finance regarding Blawan. Both agreements still need the formal consent of the Reich Ministry of Finance after the consent of the Austrian Ministry of Finance has first been given in principle, and the final consent of the High Command of the Armed Forces (Army Ordnance Office).

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Further, Dr. ILGNER reports on the discussions with Dr. Raffelsberger, Staatskommissar for Austrian private enterprise, concerning the staffing of Aufsichtsrat and Vorstand of the Donau-Chemie A.G.; the basic consent of the Staatskommissar makes it possible for us to arrange the staffing in a way conforming to our commercial interests.

Since the Commercial Committee has given its consent, and since as a result of a discussion between Dr. Kuchne and Dr. TER MEER the latter, too, has consented on behalf of the Technical Committee, the agreement of Gehmrat SCHMITE has now to be obtained. In this connection it seems expedient to combine the commission given at the meeting of the Vorstand on 17 June 1938 to Dr. Kuchne and Dr. SUETZPISCH, i.e. the handling of technical problems in Austria, with the commission given to Dr. ILGNER, namely, the handling of

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general commercial problems in Austria and the South Eastern European Countries (Commercial Committee on 24 May 38 and 16 June 38) in such a way that in future this body, with the assistance of the I.G. authorities concerned, - particularly Dr. KUGLER for questions of dyestuffs - will be responsible for all general problems in South Eastern Europe that are of interest to the P.G.; Dr. Kuchne said that this also was agreed to by Dr. TER MEER on behalf of the technical side. "

c) 15th Meeting on 11 November 1938.

Present among others: Georg von Schnitzler, Paul Haefliger, Max Ilgner, Wilhelm Rudolf Mann, Heinrich Oster, Heinrich Gattmann.

*1) Czechoslovakia.

Measures and agreements with regard to Aussig-Falkenau are discussed. With regard to further proceedings concerning calcium cyanamide products Falkenau, Pharma-products Heyden and the form of the relationship with Solway, an agreement is also reached. The sales combine for dyestuffs and chemicals as well as the central finance administration are commissioned to work out the drafts for the agreements (purchase-contract, foundation-contract of the new company and syndicate agreement with Heyden).

2) Committee for South Eastern Europe.

The Commercial Committee agrees to the following resolutions of the Committee for South Eastern Europe:

- 1.) The 51% share of the D.A.G. Troisdorf in the D.A.G. Prossburg is to be transferred to the Donau-Chemie A.G.
- 2.) The business management of the D.A.G. Prossburg will be changed; Dr. Carl Mayer will join the management, and the three Jewish members of the management will resign.
- 3.) In agreement with Budapest the following are to be newly elected to the Verwaltungsrat:

Dr. Kuchne,
Dr. Ilgner,
Prof. Dr. Lautenschlager.

The Jewish members of the Verwaltungsrat are to resign.

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3) "Feyer" organization in the "Sudeten" district.

Herr Mann reports on the Chemosan Helico-production which for the time being will be continued in Komoran, and on the organization of Pharme sales for the Gau Sudetendeutschland via the Reichenberg office, where a new building was acquired. Chemosan Vienna is transferring its workshops from Klosterneuburg to a cigarette factory which was closed down and bought with the proceeds of Klosterneuburg. The new works offer the possibility of also considering the possible wishes of other I.G. branches with regard to manufacture.

*1) Stocks and outstanding Supplier-Security Agreements of 15 September and 21 September 1938.

Dr. Krueger reports on the handling of the applications (of 16 September and 21 September 1938) concerning Security Agreements at the Reich Ministry of Economics. Herr Koehler points out that in consideration of British taxes the sale of the England stocks to HAPRO must be cancelled. The cancellation will be effected immediately. The agreements concerning the transfer of the Pharme stocks in Prague have already been cancelled again for the same reasons. Measures are under consideration for securing the stocks in future with the help of foreign bank credits. On the suggestion of Herr MAFF all branches in all countries will be included in this examination."

1) 17th Meeting on 15 December 1938.

Present among others: Hermann Schmitz, Georg von Schnitzler, Paul Haefliger, Max Ilgner, Wilhelm Rudolf Mann, Heinrich Oster.

*2) South Eastern Europe Committee.

Dr. von SCHUTZLER reports on the state of the Aussig affair, which has gone on developing according to program. The question of the appointment of personnel for the future management of the Chemische Werke Aussig-Falkenberg G.m.b.H. is still to be clarified. It is noted that the Reich Ministry of Economics, in connection with the transfer of the purchase price, may possibly ask for a payment to the Equalization Fund for which payment an amount of 3 million Reichsmarks has already been mentioned.

Dr. OSTER explains why calcium cyanide and everything connected with it must be excluded from the settlement.

The wishes expressed by Heyden on the subject of pharmaceuticals are to be the subject of a discussion on the occasion of a luncheon with Herr MAFF."

2) 13th Meeting on 11 January 1939.

Present among others: Georg von Schnitzler, Paul Haefliger, Wilhelm Rudolf Mann.

*1) South Eastern Europe - State of Aussig-Falkenberg Affair.

Dr. von SCHUTZLER reports on the negotiations with the Chemische Werke Aussig-Falkenberg G.m.b.H., and in particular with the Chemische Fabrik von Heyden A.G., and also on the additions to the syndicate agreement concluded on 30 November 1938 with this firm. "

- a) 19th Meeting on 17 February 1939.
Present among others: Hermann Schmitz, Georg von Schnitzler,
Paul Hoefliger, Heinrich Oster.

*1) Aussig-Falkenau

a) Syndicate Agreement with the Chemische Fabrik von
Hoyden A.G., Dresden-Radebeul.

Dr. von SCHNITZLER reports on the reproaches which the Chemische Fabrik von Hoyden A.G. has levelled at Pharma in the affair of the importation of acetyl salicylic acid into Poland, and on the steps which Lovrkuessen intends to take in the matter, and which the Commercial Committee approves.

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With respect to the additions to the syndicate agreement confirmed by I.G. in its letter dated 10 January 1939 Hoyden on his part has confirmed the agreement in a way which is partly unsatisfactory and partly - in the Oderberger Chemische Werke affair - exaggerated. As at the discussion on 10 February 1939 this matter could not be handled any further, Hoyden is now to be asked by letter to confirm the agreement in a way which corresponds to our wishes.

b) Authorization for Purchase Agreement.

The Reich Ministry of Economics has advised us that the approval of the purchase contract is at present being held up only by the attitude taken by the Administrator (Generalreferent) for the Sudeten-German territory who feels that the output of the coal pits that were part of the property acquired by Chemische Werke Aussig-Falkenau exceeds the needs of the two plants. In order to hasten the granting of the authorization the Chemische Werke - subject to the approval of Hoyden - will express their agreement to the authorization, making a reservation on one point, namely, that after examination by the Reich Ministry of Economics, they be told to which third parties the coal which is in excess of the needs of the plant can be ceded."

- a) 20th Meeting on 10 March 1939.
Present among others: Hermann Schmitz, Georg von Schnitzler,
Fritz Gajewski, Paul Hoefliger, Heinrich Oster.

*2) Aussig-Falkenau.

Dr. von SCHNITZLER reports on the permission for acquisition which has been granted in the meantime by a letter dated 24 February 1939 from the Reich Ministry of Economics (RWIM); he further reports in connection with this on developments regarding the appointment of plant and business managers.

Dr. Kraeger reports on the financing of the new company. The amount of compensation to be paid to the Dresdner Bank is approved.

It is agreed that it would not seem expedient on the part of Farben to complain about the equalization payment of 3 million Reichsmarks imposed by the Reich Ministry of Economics upon the purchasers of Aussig-Falkenau. Dr. von SCHNITZLER agrees to discuss this matter with Geheimrat Jungel."

- p) 21st Meeting on 21 April 1939.
Present among others: Georg von Schnitzler, Paul Haefliger,
Wilhelm Rudolf Mann, Heinrich Oster,
Ems Maglota

"2) Aussig-Falkenberg."

"3) Protectorate of Bohemia-Moravia.

Dr. KUGLER reports on the situation of the Chemische Werke
Aussig-Falkenberg G.m.b.H., after which there is a discussion
of the change in the situation caused by the taking over of the
protectorate.

Dr. von SCHNITZLER discusses the relationship with the Prager
Verein, and advises that the discussions with the management
of the Prager Verein which had been postponed will shortly be
resumed. There is agreement as to the lines along which the
negotiations with and concerning

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the Prager Verein should be conducted.

4) Slovakia.

Dr. Fischer submits a detailed report on the political, economic,
and administrative situation in Slovakia. He points out that
the present moment would be favorable for obtaining special
agreements with the newly formed Slovakian Government. The
wishes of the individual German departments are to be directed
to the Political Economy Department, Berlin NW 7. There is
discussion about the possibility of I.G.'s being represented
in Slovakia, and Herr ILLER advises that the question of opening
a new Pharma office in Slovakia is under study at the present
time.

Dr. Fischer reports on the negotiations with the Société
Française des Industries et des Pétroles, Paris (Nager-Gruppe),
concerning the acquisition of the Slovakian Refinery Apollo.
The refinery in question is a modern one with a capacity for
handling approximately 6,000 tons per month. It is intended
that the I.G. Prossburg should acquire a majority participation
in this refinery."

- q) 22nd Meeting on 12 May 1939.
Present among others: Georg von Schnitzler, Paul Haefliger,
Wilhelm Rudolf Mann, Heinrich Oster,
Erich von der Heyde (intermittently).

"3) South East European Questions.

Dr. von SCHNITZLER reports on the conferences with the directors
of the Prager Verein, which took place on 27 and 28 April in
Berlin. Further he reports on the conferences with the Reich
Ministry of Economics and the Economic Group Chemical Industry
with respect to the activity of the Prager Verein in the
chemical field in the Protectorate and in Slovakia. Dr.
Frank-Wahle reports that authorization for the exchange of
stock of the Prager Verein - as far as it is a question of
Sudeten-German assets - for I.G. stock or shares in the
Chemische Fabrik von Heyden A.G. has been granted."

2) 33rd Meeting on 16 June 1939.

Present among others: Hermann Schmitz, Georg von Schnitzler, Paul Haefliger, Wilhelm Rudolf Mann, Heinrich Oster, Heinrich Gattineau, Hans Kugler.

3) South East European Questions / Cellulose- plants in the Protectorate and in Slovakia.

a) Protectorate and Slovakia.

Dr. von SCHNITZLER gives a survey of the present conditions in Aussig-Falkenau and of our relations to the Prager Verein. Dr. KUGLER and Dr. GATTINEAU report on the plan for the joint erection by DAG Prossburg and the Prager Verein of a cellulose factory in Prossburg, and further states that by passing on our experience to them we are participating in a plant which was erected by the Prager Verein in the Protectorate. As the Prossburg plan seems favorable, to us both geographically and in other respects, and as, taking things all round, both plans are judged to be of positive value it is decided to continue negotiations with the Prager Verein.

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of 15 June 1939

The plan, which was worked out with Dr. GAJEVSKI for submission to the Prager Verein is read and approved. Before negotiations are continued with the Prager Verein, this plan is to be shown to Dr. Kehrl. Cooperation with the Prager Verein in other parts of South Eastern Europe is discussed and is to be kept in mind."

4) 39th Meeting on 1 February 1940.

Present among others: Georg von Schnitzler, Max Ilgner, Wilhelm Rudolf Mann, Hans Kugler.

3) Economic Incorporation of the Protectorate into the Reich.

With reference to this subject Dr. KUGLER makes a few statements as to the repercussions on sales conditions, which led to agreements between the economic circles and enterprises involved for the protection of territory. With regard to the Verein it is considered that in view of the various special agreements which have already been concluded the situation has been practically settled. With respect to the field of hydrosulphites Dr. KUGLER has made a new agreement, and a similar one is planned for titanium white.

5) 35th Meeting on 20 August 1940.

Present among others: Hermann Schmitz, Georg von Schnitzler, Paul Haefliger, August von Emericus, Fritz von Meer, Wilhelm Rudolf Mann, Max Ilgner, Erich von der Heyde (intermittently), Hans Kugler.

7) South Eastern Questions.

a) Chemische Werke Aussig-Falkenau G.m.b.H.

Dr. von SCHNITZLER reports on the monetary requirements and the consequent measures of financial support necessary for Aussig-Falkenau, and gives information as to an exchange of correspondence with the Chemische Fabrik von Heyden A.G. He himself, Dr. Fuhl

and Dr. ILGNER will continue negotiations with Heyden regarding the financing question/ in the second half of September. -
Dr. ILGNER reports on the Prager Verein in connection with the status of the Protectorate. His suggestions regarding the possibility of a community of interests (Interessengemeinschaft) are to be worked out in greater detail."

u) 37th Meeting on 12 November 1940.

Present among others: Hermann Schmitz, Georg von Schnitzler, August von Knierim, Fritz ter Moor, Paul Haefliger, Max Ilgner, Hans Kuchne, Wilhelm Rudolf Mann, Heinrich Oster, Erich von der Heyde (intermittently), Hans Kugler.

v) South Eastern Europe.

a) Prager Verein.

Dr. von SCHNITZLER reports on the present stage reached in the problem of the Prager Verein. At the conference which is planned for the 15/16 November in Prague with Vice-President Dvoracek and General-director Dr. Martinik, in which the group I.G./Heyden will be represented by Dr. von SCHNITZLER, Dr. ILGNER and Director Zinsner, the Zivno and the Verein will have to be shown that the dyestuff question and that of the participation of the Verein in the chemical factories of South Eastern Europe make it absolutely necessary that there should be a modification of their relationship to the

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German group - which Ruetgers may subsequently join, and besides this that in the other branches of manufacture of the Verein and its participations in the Protectorate there are so many points of contact today both on the territory of the Greater German Reich as well as in exportation to a certain extent, that it is necessarily and comprehensibly in the interests of the Verein and its future development that there should be an understanding with the German group. It remains to be seen now whether already in the course of the conference of 15/16 November the questions of a financial participation in the Verein can be broached again.
Apart from this there is also complete understanding with Heyden on the point of I.G.'s interests being undisputed in the dyestuff field; further, if necessary, Heyden would agree to the taking over of the Slovakian plants and participations or to the acquisition of the majority by Pressburg, likewise to the taking over by I.G. of Pressburg of the majority in Marasesti, Zorka and Hungary, on the condition that Heyden's interests be preserved in the pharmaceutical field within the framework of a syndicate agreement. Ruetger's interest seems chiefly to incline to Brusseau.
The demand made by Kali-Chemie for a transfer be made to it of the 50% participation in the Elektrolyse in Bitterfeld now in the hands of the Verein, is considered as justified and is to be noted for further handling at a convenient moment."

v) 38th Meeting on 10 December 1940.

Present among others: Georg von Schnitzler, August von Knierim, Paul Haefliger, Max Ilgner, Wilhelm Rudolf Mann, Heinrich Gattineau, Hans Kugler.

*5) Prager Verein.

Dr. von SCHNITZLER refers to the record received by the members of the Commercial Committee on 27 November 1940 of his and Dr. ILGER's discussions in Prague on 15 and 18 November 1940. On the 15th inst. there is to be a preliminary discussion with the representatives of von Hayden and Ruetgers. In 1941 a conference is planned in Frankfurt a/M. between the Verein and I.G. for an initial discussion of the dyestuff problem as one of the main problems of the industrial cooperation which is aimed at. Herr MAH points out that at the present time there is no question of cooperation in the pharmaceutical field."

w) 39th Meeting on 4 February 1941.

Present among others: Hermann Schmits, Georg von Schnitzler, Fritz Gajewski, August von Knieriem, Fritz ter Meer, Paul Haefliger, Max Ilgner, Wilhelm Rudolf Mann, Heinrich Oster, Erich von der Heyde (intermittently), Hans Kugler.

*5) Austrian Magnesite A.G.

An agreement was concluded in October 1940 with the Austrian Magnesite Aktiengesellschaft concerning a joint utilization of experience as regards the production of magnesium through the thermal reduction of raw materials containing magnesium oxide.

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The entire stock capital of Comag is in American hands. In consideration of the fact that these assets could be transferred to other foreign ownership thereby endangering our agreement, the Commercial Committee (KA) is in favor of participation in the acquisition of the stock capital at a suitable price."

*5) Prager Verein.

Dr. von SCHNITZLER reports on the negotiations carried through with the Prager Verein chiefly in the dyestuff field, which have led to an eight year agreement on the following basis: The Verein receives a dyestuff production quota with a sales value of 2,500,000 Reichsmarks per year. The manufacturing activities of the Verein throughout the duration of the Agreement are limited to sulphur black, sulphur dyes and azo dyes. Of the production quota an amount to the value of some two million Reichsmark is to be sold in the Protectorate and in Slovakia. The remainder of the export quota will be provided for through a transfer of goods to the I.G. plants. By means of a special agreement it can be arranged for goods of the Prager Verein to be directed into the sales channels of the I.G. in South Eastern Europe. In the field of chemicals negotiations are still going on."

*South Eastern Europe.

Dr. ILGER reports on the meetings of the South Eastern Europe Committee of December 14, 1940 and of the 3rd instant, especially on the increase of capital in Deneuchemie from 12 to 20 million Reichsmark, on the future position of Deneuchemie as regards the South Eastern business policy of the I.G., his (Dr. ILGER's) observations in Bulgaria with respect to the possibilities of setting up a plant for sulphuric acid, the recommendation of the South

Eastern Committee as regards the acquisition of a share in the Bonnetan, the problem of "La Dalmatienne" in Yugoslavia, the consent of the S.O.A. [Südosteuropäischer Ausschuss (South Eastern Committee)] to carry out tests on oil shale in Yugoslavia together with Stinco, as well as the agreement of Italian industry to the setting up of a factory for rayon in Jajce. The S.O.A. has decided that in future there shall be regular reports made on the meetings of the S.O.A. through Dr. Kuehne in the Vorstand and Dr. Ilgner in the Commercial Committee."

x) 40th Meeting on 18 March 1941.

Present among others: Hermann Schmitz, Georg von Schnitzler, Paul Hoefliger, Max Ilgner, Wilhelm Rudolf Mann, Heinrich Oster, Hans Kugler.

9) Prager Verein.

The negotiations with the Prager Verein in the dyestuff field have been brought to a formal conclusion in the meantime on the basis already outlined in the record of the meeting of 4 February 1941 under item 6). In the final negotiations the production quota was definitely fixed at 2,656,000 Reichsmark per year. The situation in the chemical field was discussed in particular at the meeting of the Aufsichtsrat on the 5th instant, and special consideration was given to the relationship of the Verein to the Chemische Werke Aussig-Falkenberg. We shall now have to wait for the result of the negotiations which the business management of the Chemische Werke is to take up with the Prager Verein.

With respect to the Prager Verein in the field of pharmaceuticals no new points have arisen for consideration. In the meantime Herr Mann plans to have an informal talk with Dr. Martinik at some time about pharmaceuticals.

Dr. ILGNER reports on his conversation with Herr Ernest Solvay regarding the participations of the Verein and the Solvay group in the Hungaria, Zorka and Marsoni. Apart from the clarification achieved in the question of conditions of participation, the chief subject discussed was the suggestion which was approved by Solvay that no new manufactures should be started in the three plants, and that no participations should be acquired or any other fundamental changes made without Solvay, the Prager Verein and I.G. being informed. This measure is to make sure that the industrial cooperation which is aimed at in the South East shall not be prejudiced through the independent action of any one of the South Eastern factories. "

y) 41st Meeting on 23 April 1941.

Present among others: Hermann Schmitz, Georg von Schnitzler, August von Knieriem, Max Ilgner, Wilhelm Rudolf Mann, Heinrich Oster, Erich von der Seyde (intermittently), Hans Kugler.

11.) Miscellaneous.

b) College for World Commerce, Vienna.

The Technological Institute which forms part of this college is exhibiting a very comprehensive collection of products from different industrial plants; amongst others from Krupp and

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CONT'D.

Montecatini. At the suggestion of Dr. Gajewski and on the advice of the office of the Propaganda Commission in Frankfurt a/Main it is decided to give the college the famous I.G. glass vases, the cost of which will amount to some 7,000 Reichsmark. The latter proposal, submitted by Dr. ILGNER, is accepted.

2) 42nd Meeting on 8 July 1941.

Present among others: Hermann Schmitz, Georg von Schnitzler, Paul Haefliger, Wilhelm Rudolf Mann, Heinrich Oster, Erich von der Heyde (intermittently), Hans Kugler.

7) South Eastern Europe.

a) The discussion of problems connected with salaries and wages at Donauchemie gives rise to the decision that questions concerning personnel and salaries which are under discussion in the different commercial committees may be decided only after previous agreement and preliminary study with and in the competent personnel departments of the sales combines.

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In this connection Dr. KUGLER reports on a decision of the Reich Labor Trustees for the Economic Area Vienna-Lower-Danube, dated 4th instant.

b) Protectorate. - The relationship to the Prager Verein is discussed in detail. Dr. KUGLER reports on his conferences in Prague. "

aa) 44th Meeting on 4 November 1941.

Present among others: Hermann Schmitz, Georg von Schnitzler, Paul Haefliger, Max Ilgner, Wilhelm Rudolf Mann, Heinrich Oster, Hans Kugler.

7) South East Europe / S.O.A. (Sudosteuropa-Ausschuss - South East Europe Committee) Meeting on 24 October 1941.

Part 1 - ILGNER will report on the South East of Europe in the course of the special discussion of the Sales Combine Leaders on 5 November. ILGNER's proposal for discussions with Herr Adolf of the Prager Verein on problems common to both enterprises, is approved. The discussions are planned for 12 to 14 November. Apart from Dr. ILGNER, Herren Otto, HAEPFLIGER, KUGLER and v. HEIDER will attend. "

bb) 45th Meeting on 7 January 1942.

Present among others: Hermann Schmitz, Georg von Schnitzler, Paul Haefliger, Max Ilgner, Erich von der Heyde (intermittently), Hans Kugler.

7) South Eastern Europe.

a) Prager Verein.

Herr Adolf, the new Director General of the Prager Verein having again expressed the wish to meet the leaders of I.G., the members of the "little circle" of the S.O.A. will get into touch with Herr Adolf at a lunch, as was decided at the 44th Meeting of

the Commercial Committee and in the agreement made in the meantime in Pressburg on 16 December 1941, so that they may become acquainted with the immediate intentions of the Prager Verein. The impression obtained at this conference is to be recorded in the exposé which is already being prepared for the next but one Vorstand meeting on the South Eastern business policy of the I.G.

In spite of the above conference plans can be made to allow the Prager Verein to maintain permanent contact in South Eastern questions with Dynamit Pressburg, just as is being done with Aussig-Falkenau for the Protectorate in questions in the chemical field, without encroaching thereby upon any necessary direct conferences with the I.G. agencies concerned; the latter will continue to be conducted separately as before.

c) Slovakia.

Industrial conferences with the leaders of Slovakia will take place on 5 and 6 February in Pressburg, and as in the case of the Romanian conferences material has already been requested from the sales combines through the WIFO.

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f) Mining and Industrial Plants formerly Joh. Dav. Starck.

Dr. ILGNER reports on the proposal brought forward by Dr. Thionemann of which he has already informed Dr. von SCHUTZLER, HANFLIGER and Dr. Kuchna. The Commercial Committee has come to the conclusion that except for brown coal the plan is not of any interest to it.

g) Nitrogen Association, Prague.

Herr Kaiser reports that both the Nitrogen Association in Prague in this capacity, as well as the separate nitrogen plants in the Protectorate have become members of the nitrogen syndicate, Berlin."

cc) 46th Meeting on 16 February 1942.

Present absent; others: Hermann Schmitz, Georg von Schützler, Paul Hoefflinger, Max Ilgner, Wilhelm Rudolf Mann, Heinrich Oster, Erich von der Heyde (intermittently), Hans Kagler.

"11) South Eastern Europe.

a) S.O.A. Meeting on 4 February 1942.

Dr. ILGNER reports on the two items on the agenda which are dealt with at this meeting;

1. The future business policy of the I.G. in South Eastern Europe.
2. Future relationship of the I.G. to the Prager Verein.

The Commercial Committee takes note of the arguments and approvals. Furthermore Dr. ILGNER reports on the conferences or provisional agreements which have taken place in the meantime between Dr. GAJEWSKI, DR. GATTELLAU and Meyer, and Herr Adolf and Kuhn of the Prager Verein. As suggested by Dr. GAJEWSKI^{and} already confirmed by the previous decisions of the Commercial Committee there is to be a discussion between the leaders of I.G. and Herr Adolf of the Prager Verein. It is stated as a matter of principle that appearances indicate the expediency of I.G.'s establishing direct contact of such a kind independent of the conferences which are already under way between Pressburg/Prague or Aussig/Falkenau/Prague."

de) 49th Meeting on 8 July 1942.

Present among others: Hermann Schmitz, Georg von Schnitzler,
August von Klorien, Paul Hefflinger, Max
Ilgner, Wilhelm Rudolf Mann, Hans Kugler.

*16) South Eastern Europe.

First paragraph - Dr. von SCHNITZLER and Dr. EUGLES
report on the conference with the Prager Verein which took place
in Frankfurt/Main on 3 July 1942. The record of this confer-
ence is submitted to the members of the Commercial Committee
for their information. The agreement with the Prager Verein
based on this conference still requires the consent of the
S.O.A. and of the Administration of the DAG, Prossburg. With
respect to the last paragraph of Item 1) Enclosure 1) of the
inter-office memorandum dated 3 July (Bulgaria) it is added
that in the event of a realization of the Bulgarian plan via
via the Verein a minority participation is to be requested for
Prossburg.

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With respect to Greece Herr Adolf learned at the conference
on 3 July that we are carrying on negotiations for a possible
subsequent participation in the Lipacata and Oekonoides."

ee) 50th Meeting on 9 September 1942.

Present among others: Hermann Schmitz, Georg von Schnitzler,
August von Klorien, Fritz von Meer,
Paul Hefflinger, Max Ilgner, Wilhelm
Rudolf Mann, Heinrich Oster, Hans Kugler.

*10) South Eastern Europe.

Herr Otto reports that the cellulose plant in Prossburg will
be put in operation on 1 October.
Herr Vober-Andreas requests that when cooperating with official
agencies the latter should be urged to see that in the negotia-
tions conducted by government committees abroad as much caution
as possible be exercised in promising products which are scarce,
especially to individual purchasers.

ff) 54th Meeting on 14 April 1943.

Present among others: Georg von Schnitzler, Paul Hefflinger,
Max Ilgner, Wilhelm Rudolf Mann,
Heinrich Oster, Hans Kugler.

*5) South Eastern Europe.

a) Relationship with Prager Verein.

Those questions which have remained open in the relationship
between I.G./Prossburg and the Prager Verein, especially the
formulation of agreements according to regions on the basis
of the Frankfurter Agreement of 3 July 1942, were discussed
at the Prague conference of 22 February 1943 and settled. The
records of the meeting have been distributed in the meantime.

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CONF'D.

Following on the meeting of 22 February 1943 there was an exchange of correspondence between Generaldirector Dr. Paul Mueller and Dr. von SCHMITZLER dealing with the question of whether and to what extent the field of explosives is comprised in the agreements made between I.G. Pressburg and the Prager Verein or whether this, too, seems to require special handling. In a letter addressed directly to Dr. von SCHMITZLER Dr. Mueller expresses himself in agreement with the contents of the letter he received dated 21 March of this year, and the attitude expressed therein will be approved at today's meeting of the Commercial Committee. According to this the state of the affair as a whole is to be judged as follows, namely, that the field of explosives was not discussed during previous negotiations with the Prager Verein, since any activity of the Verein in the explosives field has always been considered of the question, and no aims of the Verein at undertaking any activity in the explosives field were ever recognizable. As, in addition to this, Dr. Srba declared at the Prague Meeting on 22 February 1943, when there was a brief mention of explosives, that the Verein had no intentions whatsoever regarding manufacture in this field, and that, moreover, its participation in Explosia

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had recently been rejected, there is no reason to bring up the explosives field for discussion again with respect to the Verein after the basic discussion on 3 July 1942 and the Prague conversation of 22 February 1943. Should the Prager Verein show intentions at some later date - whether in Bohemia/Moravia - Slovakia or in the countries of South Eastern Europe, i.e., as defined in the skeleton agreement of 3 July 1942, the countries of Croatia, Serbia, Roumania, Hungary and Bulgaria - of undertaking any activity in the explosives field, an entirely new situation would be created and corresponding negotiations would have to be opened with the Prager Verein based on reference to the integrity of I.G. Pressburg's interests in the explosives field which she claimed right from the beginning, as well as to the spirit of the existing agreements in the chemicals field.

Dr. ILCHER proceeds to inform the other German members of the Pressburg Verwaltungsrat as well as the members of the Pressburg Managing Board of the records which are being kept of today's discussion, and undertakes to have a letter sent to I.G. in concurrence with Dr. Paul Mueller of Pressburg, in which Pressburg approves this view of affairs in the explosives field, and after such clarification of the point in question declares that the minutes of 22 February 1943 are binding on Pressburg as well. This settlement obviates the necessity for Pressburg's signature to the aforementioned record or for the preparation of a new record on this point 1).

Furthermore, a letter from Dr. Adolf to Dr. von SCHMITZLER dated 23 March 1943 is discussed. Dr. von SCHMITZLER will confirm the reception of this letter without entering into the details of the general statements in the attached correspondence between Director Schaeffler and Director Rupartl of the Guano-Werke, and will ask Dr. Adolf for his immediate reactions to the concrete case of Bulgaria (Item 1b, Paragraph 2 of the minutes of 22 February 1943).

TRANSLATION OF DOCUMENT NO. NI-9289
CONT'D.

- 22) 54th Meeting on 5 December 1944.
Present among others: Hermann Schmitt, Georg von Schnitzler,
Fritz Gajowski, August von Knorin,
Paul Hanfliger, Hans Kuchse, Hans Kugler.

"4) Economic and Business Conditions in the European
Countries.

a) The possibilities of export to the countries of Sweden, Denmark, Switzerland, Italy, Hungary and Slovakia are discussed, and attention is paid in particular to the importance of Denmark as a partner for foreign commerce in the agrarian field as well as to the special situation of Slovakia."

(page 22 of original)

I have carefully read each of the 22 (twentytwo) pages of this declaration and have signed them personally. I have made the necessary corrections in my own handwriting and initialed them and I declare herewith under oath that I have given the pure truth to the best of my knowledge and conscience.

(signed) Dr. Guenther Frank-Fahle
Dr. GUENTER FRANK-FAHLE
(Signature of deponent)

Sworn to and signed before me this 5th day of August 1947 at the Palace of Justice, Nuernberg, Germany, by Dr. GUENTER FRANK-FAHLE, known to me to be the person making the above affidavit.

(signed) George S. Martin
GEORGE S. MARTIN
Civilian EIC 20074
Office of Chief of Counsel for War Crimes
U.S. War Department.

CERTIFICATE OF TRANSLATION.

I, DOROTHY E. PLUMMER, USFET 482, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of Document No. NI - 9289.

25 August 1947

DOROTHY E. PLUMMER
USFET 482.

TRANSLATION OF DOCUMENT No. NI-9289
OFFICE OF CHIEF OF COUNSEL
FOR WAR CRIMES

ERRATA SHEET

Page 3 to page 21 inclusive, of translation of document NI-9289
left side on the bottom should be marked:

(signed) Guenter Frank-Fehle

Errata sheet prepared by

JOHN J. BOLL
U.S. Civilian
AGO No. A-444412

- END -

TRANSLATION OF EXCERPTS FROM DOCUMENT No. NI-4016
OFFICE OF CHIEF OF COUNSEL FOR WAR CRIMES

CHEMISCHE FABRIK VON HEYDEN

Aktiengesellschaft

Telephone No.: Dresden 70141
(switch-board number)

Telegraphic address:
Heyden Radebeul

Directorate

RADEBEUL - DRESDEN

10 October 1938

To the
Reich Ministry of Economics
for the attention of Ministerialdirigent Dr. MICHEL

B e r l i n

Subject: Association for Chemical and Metallurgical Production, Aussig.

On 6th October, the undersigned had an opportunity to present personally the urgent desires of our firm concerning the Aussig Verein (Association). We should like to express our most sincere gratitude for this and in addition request the Reich Ministry of Economics in writing to use its influence to have the Czech interests in the Aussig Verein in so far as they concern factories located in Sudeten-Germany, transferred to us, particularly those in Aussig and Falkenau (and, possibly, Neu-Oderberg also).

In future, the Aussig plants will directly overlap the geographical boundaries of our sales area; they will be instructed (owing to the loss of part of their present home markets and decrease of export trade) to sell a considerable part of their products in Saxony and Eastern Germany. Thus they threaten the existence of our firm and its staff, unless a way can be found to combine their management with ours.

(page 2 of original)

Since I.G. Farbenindustrie is in the forefront of those trying to obtain these interests we feel compelled to state that, the purchase by I.G. would, above all else, mean catastrophe for our enterprise. Our firm is one of the few large works with extensive production schedules which is still completely independent of I.G. Farbenindustrie. We are constantly engaged in sharp competition with I.G. The latter already controls the whole Eastern and Southern Germany, dominates Central Germany and its influence is encroaching further and further on our natural markets in Western Germany. I.G. is using every means to increase its sales there, too, and to make its customers permanently dependent upon it, a fact which our customers themselves deeply deplore.

TRANSLATION OF EXCERPTS FROM DOCUMENT E-701-4016
CONTINUED

(page 2 of original cont'd)

as the Reich Ministry of Economics may already know. I.G. has become a mighty power in Germany and is striving for monopoly. It requires every chemical, technical, commercial and financial effort to maintain some sort of competitive standard with, and to avoid being crushed by I.G. It would therefore be incomprehensible, should the power of the giant combine be strengthened still more by the incorporation of plants of the Aussig Verein. Price agreements or similar arrangements avail nothing in this case; for experience has shown that they only serve to tie the hands of the smaller and weaker competitor in favor of a disproportionately strong contracting party, who has numerous facilities for attracting and retaining the customer by other methods, in spite of agreements.

The same applies to other major enterprises of the German chemical industry should they require influence over Aussig plants, the more so, since almost all of them have some connection with I.G., either personal or official.

(page 3 of original)

On the other hand, the Chemische Fabrik von Heyden is the right firm to take over the plants of the Aussig Verein. It already employs 5 officials who have detailed knowledge of the major part of the production of the Aussig plants, among them the undersigned Strubberg, former sales director for the Verein, and Dr. Pfunder former directorate-consultant of the direct-rate-general for cotton of a technical-chemical nature. The short distance between the plants easily admits of the establishment and maintenance of a permanent connection between the plants.

The dyestuffs sector of the Aussig Verein does not constitute an adequate reason for giving I.G. preference in obtaining the Czech interests of the Verein. Dyestuffs production at Aussig is not a vital necessity for the works; it was only commenced in order to make Czechoslovakia independent of Germany in the field of dyestuffs, too. As is known, this goal was never reached, and finally, the Verein and I.G. agreed to respect the boundaries to a certain degree simply to avoid a further reduction of the price if nothing more. The dyestuffs sales probably amount to approximately 1/6 of the total sales of Aussig and Felkenau. However, to our knowledge, only about 150-200 people are engaged on the production of dyestuffs and preliminary products at Aussig, that is to say, hardly 10% of the staff of the Aussig works.

TRANSLATION OF EXCERPTS FROM DOCUMENT No. NI-4016
CONTINUED

(page 3 of original cont'd)

We for our part do not intend to compete with I.G. in the field of dyestuffs. We are prepared rather, if the circumstances warrant, to come to an agreement with I.G. whereby its interests in the field of dyestuffs, including the international field, will in no way be prejudiced.

We therefore urgently request you to prevent I.G. or any other major chemical enterprise in Germany from gaining a foothold in Eastern Germany, or taking possession of the Sudeten-German plants of the Aussig Verein, thereby dealing a very serious blow to our enterprise, which is fighting for its very existence as an individual concern. We feel that we have shown that we can do full justice to our task as a part of the German chemical industry in any sphere of work, and that we have reason to state that our firm has made noteworthy advances, particularly in the past few years, with regard to production technique and that it is in the forefront as far as social policy is concerned. We, therefore, feel that we can guarantee to the government that the plants in the Sudeten-German area would be in the best hands with us, that we shall bring them to full development and that our sale of the products and service of the customers will safeguard that public spirit, which alone is of value in the present Reich.

We beg to leave it to you to decide whether it is necessary to consult Economic Group Chemical Industry on the state of development of our firm and its fitness to take over the Aussig interests.

Heil Hitler

Chemische Fabrik von Heyden

Aktiengesellschaft

Stamps: signed: Dr. JUNGEL

signed: STRUBBERG

CERTIFICATE OF TRANSLATION

17 September 1947

I, Samuel S. HORN, 100 No. 443 113, hereby certify that I am a duly appointed translator for the German and English languages and that the above is a true and correct translation of the document No. NI-4016.

.....
Samuel S. HORN
100 No. 443 113

11 October 1938

Confidential!

To the

State Secretary R. F r i n k m a n n
Reich Economics Ministry

Parlin W. S.
Behrenstr. 43-45.

Dear State Secretary,

With reference to our conversation of the 4th of this month I take the liberty as agreed to report to you briefly about the points which are of special interest to you.

Action concerning Buna in the USA.

Enclosed please find copy of a paper which I read to you on that evening and which contains the expositions I made in the Reich Economics Ministry in March this year. -- In the course of our conversation on this subject I pointed out that, if the USA proceeded with the production of synthetic rubber, it would finally lead to handing over to the greatest consumer-country for natural rubber in the world the controlling influence on the price for plantation rubber. I believe that this argument is decisive for your trade-political negotiations with Washington.

As for the rest I confirm my communication that as soon as the duties incumbent upon me in Germany permit it I shall leave for USA in order to take the first steps for a utilization of our processes there. The permission to negotiate I requested has just been granted to me by letter of 8 October 1938 from the Reich Economics Ministry (I Chem. 166/38g).

Buna production in Germany.

In expositions of some length about the problems of Buna production and Buna manufacture I have explained that, taking a long view, the production of synthetic rubber in Germany under the protection of a tax acceptable to the economy, and from aspects of purely private economy, promises to become a sound permanent manufacture. In order to reach this goal,

(page 2 of original)

it is necessary that the further development of the Buna factories the construction of which has already been started be carried out using in every case the best of the newer processes available. I therefore requested you, not to allow the building of the Buna factories, to be completely or preponderantly, influenced by military interests, now that immediate danger of war has been removed.

Buna Works No. III.

Apart from the second step in the development of Buna works No. III I am particularly thinking of the location for Buna works No. III. Due to the great stress put on Military considerations, it has been proposed to locate it in Fuerstenberg, which location is unsatisfactory from several points of view. A better industrial site examined and proposed

TRANSLATION OF DOCUMENT NO. NI - 4717
CONT'D.

by us in Deschowitz (Upper Silesia) could not be considered until now because this area was considered as a troop concentration area against Czechoslovakia. Since the political tension has been removed, the Deschowitz location is again being considered.

In pursuance of your communications - which were of extreme interest to me - about the future attitude of Germany toward Czechoslovakia which, based on economic considerations, must have important political and therefore also military consequence, I now take the liberty of bringing forward for consideration a further location for Buna No. III, namely in the northern part of the Sudetenland. As you know there, there are extremely productive lignite mines. A number of basic chemical products are available through the works of the Aussiger Verein; furthermore a great pool of good labor, particularly of specialized workers is also available. The population-political point of view should be very significant here after a 20 years reign by the Czechs and in view of the extensive unemployment. At any rate, it seems to me to be justified that the Sudeten-German location be examined in detail before a final decision as to the location of Buna No. III is made and I would gladly place myself at your disposal for this investigation.

I took the liberty today to inform Dr. Krauch briefly about these discussions concerning the location of Buna III.

May I be allowed, in conclusion, to express how thankful I am for being allowed to discuss with you, dear Sir, the above problems and other questions, and I shall take the liberty of keeping you currently informed about further developments.

Heil Hitler,

Yours very respectfully,

(Translator's Note: Stamp):

Dr. F. ter Meer.

CERTIFICATE OF TRANSLATION.

I, DOROTHEA L. GALEWSKI, E.T.O. 34079, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of Document No. NI - 4717.

21 May 1947

DOROTHEA L. GALEWSKI
E.T.O. 34079.

(E N D)

File Memorandum
about a conference concerning the Auesiger Verein
held on 15 October 1958, 6 p. o'clock P.M. in Berlin,
Hotel Adlon.

Present: The gentlemen

| | | |
|---------------------|---|-----------------|
| Dr. von SCHUTZLER |) | |
| Dr. von MEER |) | |
| Dr. KESSEL |) | from I.G. |
| HAEFLIGER |) | |
| Dr. HILGER |) | |
| Geheimrat Dr. JUNGE |) | from von HEYDEN |
| Director STRUBBERG |) | |

as well as

| | |
|-----------------|---------------------------------|
| Director ZIMMER | Dresdner Bank and von HEYDEN |
|-----------------|---------------------------------|

Herr von SCHUTZLER stated in an introduction, that I.G. had already concerned itself for several months with the problem, of what was to happen, when Sudeten-Germany and with it the factories Auesig, Falkenau and perhaps Bruchau would come to Germany. A committee had been set up at I.G. which had thoroughly investigated the questions. It was determined, that the enterprises mentioned, manufactured no product in which I.G. was not interested. The field of dyes is the first consideration. At the suggestion of the I.G. and in order to prevent right at the beginning, any strangers from gaining an insight into the Auesig production program and the methods employed at Auesig, and especially into the field of dyes, director KUGLER, a younger 'Farben director' was appointed as temporary director and in addition Jos. BRUNNER, Falkenau, as technician and second trustee. The men from I.G. had known clearly right from the beginning, that they would primarily have to come to an agreement with the firm von HEYDEN, because HEYDEN was, for neighbourly reasons also interested in the Auesiger Verein.

(page 2 of original)

Dr. JUNGE expressed his thanks for an opportunity to discuss the matter and stated, that in the spring of the year the firm von HEYDEN had already had discussions with the Army Administration which arose from the consideration, that when the Sudetenland would be under military occupation, the Auesiger enterprises would continue to be directed by experienced persons. These men were present at the firm von HEYDEN, since it employed several of these men, who knew Auesig and Falkenau exactly. At the beginning of May these

(page 2 of original cont'd.)

discussions then led to a written statement of the points of view, which were forwarded to the Economic Staff of the Army Administration. In September then, the Inspection of Military Economy IV appointed those gentlemen, who were to enter Aussig right together with the army. The firm von HEYDEN was obligated to strictest silence concerning these negotiations with the Military Administration. On 1 October this order for silence no longer applied. Thereupon he (Dr. JUNGER) and director STEUBERLING got in touch with the Reich Ministry of Economics, in order to assert the interests of the firm von HEYDEN in the acquisition of the Aussiger Werke. Both gentlemen were supposed to have emphasized here, that the field of dyes would be administered immediately in such a manner that the interests of I.G. could be protected to the fullest extent. Otherwise the firm von HEYDEN did have in mind that it would have the decisive influence in the business as well as technical administration. Dr. JUNGER gave as reasons for this, the former conditions of the market outlets and the present ones and the threat to vital market outlets of the firm von HEYDEN.

Herr von SCHNITTLER then suggested, that the individual fields of production be reviewed, which was done. On the basis of these thorough discussions, which were particularly supported by director STEUBERLING because of his special knowledge of the conditions, 3 fields were then picked out. Namely, one sector, which contained products, which were of no interest to HEYDEN, but did interest I.G., the second, where there existed a joint interest and thirdly, where the HEYDEN interests were the primary ones.

(page 3 of original)

Herr von SCHNITTLER then expressed his view, that one very well could and must purchase, continue and administer the Aussiger enterprises jointly, namely in the form of a G.m.b.H. Dr. JUNGER pointed out I.G.'s position of power and that even in a joint purchase and administration of the Aussiger enterprises I.G. would carry the main weight and that after several years the firm von HEYDEN might finally be pushed into a corner anyway. Herr von SCHNITTLER, however, did not believe that this was the case. I.G. absolutely has no intention of annexing any additional enterprises in Germany or to injure existing enterprises, such as the firm von HEYDEN. There certainly existed ways and means to account for these misgivings. He then stated, that it would probably be best, if the Aussiger Werke would be acquired jointly according to a certain method, namely that the I.G. would lease the dye field with the processed raw materials and unfinished materials and administer it as a leased enterprise, while the rest could be kept on a joint account, in which case one could also consider, that the firm von HEYDEN, could also rent and administer exclusively those branches of manufacture which appear to be especially vital for it. He pointed out that others were also interested, for example the FLICK-group in the valuable lignite coal fields in Bruex and Dux, also Viag in the large power station near Falkenau and others, while the German

(page 3 of original cont'd.)

gold and silver refining institute declared that it was not interested in Falkenberg (Herr HÄFLIGER stated), if the marketing of those products, Ferronite and hydrogen peroxide, which interest the refining institute could be regulated. The main part of the Aussig and Falkenberg production is bound by an agreement anyway, so that for that reason HEYDEN could not be injured. Thereupon Dr. JUNGEL declared, that Herr von SCHMITZLER's suggestion was not diametrically opposed to the ideas of the firm von HEYDEN and could form the basis of a discussion.

(page 4 of original)

But first the details would have to be cleared up. But above all he still wanted to express a misgiving, that per se it was not a very pleasant fact, if the firm von HEYDEN worked together with I.G. in the Aussig enterprises on a friendly basis while at the same time considerable contention existed simultaneously in certain fields; therefore he had to point to this fourth "sector". Herr von SCHMITZLER and several other gentlemen declared, concerning this, that they well know what Dr. JUNGEL meant. But once one worked together at the Aussiger enterprises, the other points of difference could also be cleared up easily. At the table all important and leading men of I.G. except Herr BOGCH and SCHITZ were together and they could see to it that these points of friction would be taken care of satisfactorily and a general shake-up could take place. Otherwise Herr von SCHMITZLER welcomed the attitude of the firm von HEYDEN and agreed, that by Wednesday a written statement about how I.G. imagined the solution of the problem of the Aussiger Verein could be finished and submitted. On Wednesday, the 19th of October at 4:30 P.M. another conference should take place at the Hotel Adlon.

Then the amounts of money to be used were discussed. First of all the total value of the Aussiger Verein was figured out and simultaneously the value of the participants and of other enterprises located of the Aussiger Verein in Czechoslovakia, Hungary and Rumania and what the rest would then amount to. In addition, the amount of proceeds which could be expected from Aussig and Falkenberg were thoroughly discussed, mainly on the basis of director STRIMBERG's statements and the turn-over was also calculated approximately, which was assumed to be about 300 million Crowns for Aussig and Falkenberg. Director STRIMBERG pointed out, however, that the conditions change basically, because in future wages will be higher and the Aussiger Verein will have to cut the prices of its products. In toto one can count on a sum of 24 billion Ks, which to be sure is calculating on the basis of the Sudeten Crown and not on the basis of the official course of the Czech crown.

(page 5 of original)

Finally Dr. FIGNER stated, that Ministerialrat Dr. MUELLER at the Reich Ministry of Economics, who was vitally interested in the result of the negotiations, expected a call, on the 14th of this month, informing him how far the negotiations had progressed. Dr. FIGNER would inform him, that presumably an agreement by virtue of a common basis would be possible and Dr. von SCHNITZLER further asked Dr. JUNGEL to inform Ministerialrat Dr. MUELLER of this as representative of the firm von HEYDEN; Dr. JUNGEL agreed to do this.

(signed) Dr. JUNGEL
STRUBBERG

14 October, 1938 C/T.

-End-

1637 12

CERTIFICATE OF TRANSLATION

15 September 1947

I, Monica ERLACH, Civ. No. 397 940, hereby certify that I am a duly appointed translator for the German and English languages and that the above is a true and correct translation of the document No. NI-10402.

Monica ERLACH
397 940

47

I.G. Farbenindustrie Aktiengesellschaft, Frankfurt (Main) 20.

Director of the Chemical Department.

Frankfurt/Main, 15 October 1938

TRANSCRIPT

of the negotiations with chemical factory (chemische Fabrik) v. Heyden & Co., Dresden, on 13 October 1938, 18 o'clock at the hotel Adlon, Berlin.

| | | | |
|----------|-----------------------------------|---|-----------|
| Present: | Privy Councillor (Geh.Rat) JUNGEL |) | |
| | Director STUBBERG |) | v. Heyden |
| | ZIFFER |) | |
| | Dr. von SCHEITELER |) | |
| | Dr. ter MEER |) | |
| | Dr. EUBNER |) | I.G. |
| | HAEPLER |) | |
| | Dr. ILGER |) | |

Confidential Preliminary Conference:

During a preliminary conference among ourselves, which toward the end was also attended by Dr. SCHEITELER, the fact that HEYDEN cannot be pushed aside in the acquisition of Aussig, was established once more.

Besides HEYDEN there appear other applicants about whom nothing concrete is known. It is suspected that ROSTBERG (Vintarschall) and MURGAS are interested. In regard to Deutsche Gold- und Silberscheidanstalt I was able to make the calming announcement that they are not interested in Aussig, according to a remark by Mr. SCHLOSSER whom I met by accident on my trip to England. The Scheidanstalt expects, however, that in case the I.G. should acquire Aussig, an understanding will be arrived at in all points relating to the Scheidanstalt.

There is agreement that the danger of an intervention by a third party will be lessened if not eliminated if HEYDEN and I.G. form a group for the acquisition of Aussig.

The question of Hruschau still remains open. Here I am of the opinion that one might leave the Hruschau factory

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(page 3 of original)

I.G. Farbenindustrie Aktiengesellschaft, Frankfurt (Main) 20.

under certain conditions

to Ruetgers/Silesia, since it has a favorable location in regard to the foundry "Merlenhuetten", Upper Silesia. Dr. ter MEER picks up this thought and points out that he recently negotiated with Ruetgers about the "Silesia" factory. On this occasion Ruetgers had hinted at the eventual development in a certain direction.

Certain contacts have also been established with FLICK. About them, however, nothing concrete can be reported yet.

During the negotiations with REYER it must at all costs be avoided that any thoughts of a direct partnership of ours in REYER's enterprises are expressed, since that would immediately cause REYER to distrust the plans of the I.G. (The remarks von REYER made in the subsequent main conference about his independence confirm the correctness of this point of view). Through the eventual cooperation with REYER in Falkenau and Aussig such opportunities will perhaps offer themselves in a few years.

Dr. ter MEER refers especially to Falkenau and the lignite and coal beds existing there. He called Falkenau well suited for the third Buna installation which today is being planned for a location considerably less suited. In view of the favorable manpower situation he saw in Falkenau a good output for our production interests. For this reason the idea of eventually renouncing Falkenau in favor of Meckers and Knapsack is abandoned.

Main Conference:

JUGAL reports on the steps he has taken before the authorities to assert his claim to Aussig. He points out the location of his factory (40 - 50 kilometers from aussig) and calls special attention to the fact that after its separation from Czechoslovakia the Sudetenland would, naturally, have to find new markets in Saxony. For this reason alone he could not pass up an opportunity to acquire Aussig; that he was able to take the object over from the technical, business and financial point of view; but that he was willing

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(page 3 of original)

I.G. Farbenindustrie Aktiengesellschaft, Frankfurt (Main) 20

to refrain from the production of dyes because he recognized that in this field he could not, and did not want to, do anything against I.G.

No oppose JUGAL's intention to take Falkenau and Aussig over 100%.

(page 3 of original cont'd)

We state that we, like HEYDEN, are concerned to an even larger extent. The fact that Saxony would become a market mainly for the Sudetenland might possibly apply to some products which can be transported only by freight-car; but the other products could just as easily invade Central and Southern Germany by way of the river Elbe. During this discussion we reviewed the various products of Falkenau and Aussig and found that almost all products concern us while a great number of products do not concern HEYDEN. For example:

organic acids,
formic and oralic acids,
benzaldehyde,
hydrocyanide,
chlorates,
fluoric acid,
cryolite, etc.

JENSEN had to admit this fact and retired to another line of defense. He pointed out that in proportion to the entire volume of business the Aussig question was of much more vital interest to HEYDEN than to I.G.; and that HEYDEN was still one of the few completely independent chemical factories in Germany.

In this connection JENSEN remarked that if such enterprises should disappear through I.G.'s omnipotence, a nationalization of the entire chemical industry would not be in waiting for long. - As for the rest, JENSEN's presence proved advantageous for the negotiations.

I pointed out that in the whole deal the future of the Sudeten-German territory would have to be taken into consideration; that I.G. was able to carry out conversions in the factories and, perhaps, to develop new branches; that for this purpose they fulfilled the requirements more than any other enterprise.

Summarizing the discussion, von SCHREIBER stated that under the conditions which had been clarified, cooperation, on the basis of a relationship still to be fixed, between von HEYDEN and the I.G. would be the most reasonable solution. He envisaged that in the following manner:

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(page 4 of original)

I.G. Farbenindustrie Aktiengesellschaft, Frankfurt (Main) 29

I.G. and HEYDEN acquire Falkenau and Aussig together. The question of Bruchau remains open for the present. For that purpose HEYDEN/I.G. form a special firm. It would be best to retain the name of Aussig. This common enterprise rents the dye-factories to I.G. On the other hand the renting to HEYDEN of certain inorganic installations of main interest to HEYDEN can be taken into consideration. The rest remains under common management and the new productions still to be developed would be undertaken in common.

TRANSLATION OF DOCUMENT No. NI-10401
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The difficulties such as leasing of single inorganic factories brings with it are not overlooked and in the course of the discussion I repeatedly pointed out that it would be a great simplification if the leases would be restricted to dyes only.

In consideration of REYER's saccharin interests, I.G. is willing to renounce Oderberg which is mainly a saccharin factory and which belongs to 70%, probably even to 100%, to Assig.

With his renouncement of dyes-production JUNDEL obviously had hoped to obtain I.G.'s renouncement of the whole project. ZINSER was the first to give in and gave to understand that, after all, I.G.'s proposals were very noteworthy and deserved thorough study. JUNDEL then said that in the end the whole deal would be a matter of confidence; and that in this connection he had to say that he had always had a good understanding with, for example, I.G.'s chemical experts, but that he had not gained the same experience with other sections.

JUNDEL's indications seem to reveal that now and then lower I.G.-agencies call too much attention to I.G.'s power. Here SCHNEIDER intervenes and explains that one should not take notice of such remarks since the I.G.'s will could be expressed only by the Vorstand who would not at all approve of them.

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(page 5 of original)

I.G. Farbenindustrie Aktiengesellschaft, Frankfurt (Main) 20

To avoid intentionally a discussion of the pharmaceutical field. The gentleman of JUNDEL gave to understand that if they now agreed to our thoughts, other open questions would have to be settled at the same time.

When the discussion arrives at the size of the object, the exact value of which cannot be stated at the moment because conditions have changed radically. About 200 million might be a rough estimate.

It is agreed that a second meeting, shall take place at the Hotel Adlon on Wednesday, 19 October, at 4 P.M. and that till then I.G. shall draft a written outline of their ideas.

The Reich Ministry of Economics (R.W.M.) (REBERT), which appeared very interested in the outcome of this discussion will, on common agreement, be informed on Monday that a friendly conference took place and that both parties' opinions about a common enterprise had been modified and come much nearer to an agreement, and that another conference would take place on Wednesday. We hope that as a result of this information the Reich Ministry of Economics will be in a position to keep away, if not with finality then for the present, other interested parties.

(page 5 of original cont'd)

The conference closed at 8 o' clock. Afterwards we had supper together. It was rather inspiring. Remarks during the meal seem to reveal that Smalster LUTSCHMAN's support of von HEYDEN's claims is probably a purely an officio matter.

At 10 o'clock the gentlemen from Dresden take leave to catch their train.

Confidential Final Conference:

After the gentlemen from Dresden had left we continued the conference among ourselves, we agreed immediately to propose a 50:50 partnership in the production firm, with the field of dyes falling to the I.G. We should claim the technical management

copy

(page 6 of original)

I.G. Farbenindustrie Aktiengesellschaft, Frankfurt (Main) 30

for ourselves and leave the business management to HEYDEN.

In this connection I suggested the foundation of a sales organization with head-offices in Dresden, leaving, however, a formal respectively sales office for the Sudeten-German territory in Aussig. The production firm leaves the entire sale to the Verkaufsgesellschaft (sales association) who in turn use the existing agreements, (Ulpro, Formic- and Oxalic Acid G.m.b.H. (Amolisen- und Oxalansäure G.m.b.H.).

The question will have to be clarified whether the free products will be sold for the account of the Verkaufsgesellschaft (sales association) by HEYDEN or by the I.G. The latter arrangement has the advantage that in the future, too, Aussig will be able to act as a separate firm and assert its claims.

The separation of sales from production means a clean separation of competences. In view of the composition of his shareholders, we are under the impression that for HEYDEN making money is more important than technical collaboration. We are of the opinion that if we propose a proportion of 50:50, HEYDEN will no longer be interested in leasing certain factories. The possibility of HEYDEN's renting certain of Aussig's factories in which they are interested, had only been mentioned by Dr. von SCHMIDLER to give both parties the same rights. We realize that, with the exception of the dyes-factory, leasing must be avoided wherever possible. Local conditions in the factories will probably not permit leasing.

I suggest to consider whether it would not be better tactics to send HEYDEN alone ahead to the purchase negotiations in Prague with, of course, standing instructions from us, since I can imagine that in this way we will acquire the object cheaper than if the I.G. itself appeared. Dr. HIGER picks that idea up at once. It must furthermore be remembered that Prague maintains claims for the settlement of all other interests in the rest of Czechoslovakia. This is undesirable at the present. Should the negotiations carried on by HEYDEN in Prague not take the turn we desire,

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TRANSLATION OF DOCUMENT No. XI-10401
CONTINUED

(page 7 of original)

I.G. Farbenindustrie Aktiengesellschaft, Frankfurt (Main) 20
there will still be time to intervene.

signed: (signature:) HANFLICH

No. 1837 /12/

CERTIFICATE OF TRANSLATION

12 September 1947

I, Frederick C. ZORN, A-441 094, hereby certify that I am a duly appointed translator for the German and English languages and that the above is a true and correct translation of the document No. XI-10401.

Frederick C. ZORN
A - 441 094

-5-
"END"

53

TRANSLATION OF DOCUMENT No. 51 - 10 207
OFFICE OF CHIEF OF COUNSEL FOR WAR CRIMES

Stamp
Secretary's Office
Ministerial Councillor
received: ... Oct 1938
Answered

Frankfurt/Main, 17 Oct 1938
Grusenburgplatz

Privy Councillor (Geheimrat) Dr. E. Julius
JENSEN in the firm:

Chemische Fabrik von Heyden Akt.-Ges.,

RADESBURG-DRUESDORF

Subject: Auesig

Dear Privy Councillor,

As a preparation for the conference arranged for Wednesday, 19th inst., 10.30 hrs at Berlin we have thought we ought to explain a little more precisely the ideas stated last Thursday and transmit, in the following, a statement that may probably be made use of as starting point for further discussion.

According to the first reports, in hand meanwhile also about the Auesig Works, both factories seem to be in full swing. Furthermore, it has proved true - which both of us had, properly speaking, considered as sure - namely that the Auesig works - like those at Falkenau - are, each of them an indivisible whole and that the factual separation of certain parts of these factories with a view to running them entirely independently from the rest, is technically impossible.

Recognizing the fact that, on the one hand, Heyden is directly interested in a great number of products of the factories Auesig and Falkenau, because they are technically identical with Heyden's and, have regionally, the same trading area - to a large extent, that, on the other hand, I.G. are producers and sellers of all products produced in these factories and, that I.G. alone, handle the field of colours - including raw products - in Germany, the following common proceeding concerning the acquisition of both factories could be considered.

I.G. and Heyden acquire, in common, both factories from the present owners and, with approval

TRANSLATION OF DOCUMENT No. NI - 10407
OFFICE OF CHIEF OF COUNSEL FOR WAR CRIMES

(page 2 of original)

of all party agencies and public authorities concerned, they bring them into a G.m.b.H. (limited liability company) which is to be run as an independent Sudeten German chemical enterprise. Hayslon and I.G. are to participate in this G.m.b.H., 50 % each. The G.m.b.H. runs its affairs in its own name and under its own responsibility. The supervision takes place through a supervisory or advisory board composed on a footing of equality. The company comprises all parts of both factories that are not separated by lease, as explained below, namely products both those existing to-day and those to be included in future, with the exception of those belonging - according to their technical and economic structure - to one of the two sections reserved, by lease, directly to the contracting parties. Products brought into the G.m.b.H. by common technical activity, come, without further ceremony, under the direct sale of the G.m.b.H., for products technically arranged by one - only - of the two parties, the G.m.b.H. would have to pay a license appropriate to the bringing in. Concerning the sale of these latter products, in each case a friendly arrangement would have to be made; in doing so, it would have to be decided, in particular, whether the product concerned had to be sold by the G.m.b.H. or, because of its special character, by one of the two parties.

From this G.m.b.H., I.G. leases, out of the Auzsig Works, the whole tar colour area with its organic raw and intermediate products for 30 years at a fixed rent for which to-day's value of the part to be leased has to be taken as a base. As far as possible according to local conditions, it would be expedient to replace the lease by an appropriate heritable building contract. Hayslon would be entitled to lease, in the same way and for the same period as I.G., an equivalent section out of the two factories Falkenberg and Auzsig in those products that are the nearest ones for Hayslon technically and with respect to regional sale and which would still have to be fixed in detail. We think however, that according to the whole of the plan developed here it will

TRANSLATION OF DOCUMENT No. NI - 10407
CONTINUED

(page 3 of original)

not be necessary for Heyden to lease enterprises in such a way, for, essentially the points in question would, in this respect, probably be products according to convention for which no considerable new investments would be necessary, and which could be developed, without difficulties, by the community, whilst, in the I.G. section important and expensive changes will be necessary.

After the lease period, each party will have the option to renew the lease for another 30 years; in which case investments made by the party during the lease period have to be taken into consideration in such a way that no unseemly enrichment takes place for the community.

The leased parts are entitled to the same prices for coal, water, energy, transportation etc as the rest of the factory, furthermore to the supply of raw products from the factory at price cost plus an appropriate extra charge for general expenses.

By means of the above described settlement, also one point would be above all, made sure of, which will be much cared for by the Sulestan German economic circles - namely that the works will not disappear, simply, in the companies which take over, and in the old Reich, but will keep their Sulestan German character as Sulestan German chemical enterprises.

With most sincere greetings (1)
signed: v. GUMPFELER for IGG

CERTIFICATE OF TRANSLATION

15 September 1947

I, Hermann STEINFELD, Civ.No. 35 128, hereby certify that I am a duly appointed translator for the German and English languages and that the above is a true and correct translation of the document No. NI-10407.

Hermann STEINFELD
Civ.No. 35 128.

TRANSLATION OF DOCUMENT NO. NI-10036
OFFICE OF CHIEF OF COUNSEL FOR WAR CRIMES

Association for Chemical and
Metallurgical Production

Prague II., 18 October 1938
Na Prikope 10

General Management

To
Chemische Fabrik von
HEYDEN A.G.

Tel. 233-44 to 233-48

Interurban: 233-49

Telegram Address: Aussiger Praha

Dresden-Radebeul

Mailing Address: Prague II., P.O. Box

(Stamp)

Will you please quote this reference
in your reply:
G. S.

Yours: Received (sets of
initials)
21 October 38 0800
hours

Answer.

In order to avoid possible unnecessary misunderstandings, we permit ourselves — in consideration of the political changes that have occurred — to bring to your attention the fact that the business management of our firm, especially in its relation to the individual partners to our contract, has not been touched by the political events, that, therefore, our firm as such, with its offices in Prague, continues to hold legal rights and to incur legal obligations following from the various contracts, and not as may be supposed anyone of our individual plants. From this fact also follows that only the General Management in Prague is legally entitled to act on behalf of our firm, that the entire correspondence is being conducted from Prague, and that, therefore, correspondence directed to the firm is to be addressed to Prague.

Very truly yours,

VEREIN FÜR CHEMISCHE UND
METALLURGISCHE PRODUKTION

(two signatures, illegible)

(Initial)

B

Nu/V.

(Initial)

M

CERTIFICATE OF TRANSLATION

I, Johanna K. REISCHER, Civ.No. B 397961, hereby certify that I am a duly appointed translator for the German and English languages and that the above is a true and correct translation of the document No. NI-10604.

Johanna K. REISCHER
Civ.No. B 397961

TRANSLATION OF DOCUMENT No. NI-9159
OFFICE OF CHIEF OF COUNSEL FOR WAR CRIMES

The Reich Minister of Economics

I Chem. 6330/38 II. Berlin W. 8, 26 October 1938
Behrenstrasse 43
Tel: Main Line 16 43 51

It is requested that the above reference
and the subject be quoted in further
correspondence

To the Dresdner Bank
Att.: Director ZINSSER
Berlin W. 8
Behrenstrasse 35/39

Subject: Association for Chemical and Metallurgical
Production, Prague.

The two biggest plants of the Association for Chemical and Metallurgical production (Aussig Association), whose general management is located in Prague, the plants of Aussig and Falkensu, are situated in the territory which has been ceded to Germany by Czechoslovakia on the basis of the Munich Four Power Agreement. The fact that the technical, and especially the business management, of the Aussig Association was mostly staffed by Jews and Czechs, caused me to appoint an acting management (kommissarische Leitung) whose task it is to manage both plants until further notice in trusteeship for the owners. The acting technical management of the plants has been given into the hands of Dr. Ing. BRUNNER, Falkensu, and the acting business management has been entrusted to Dir. Dr. KUGLER, Frankfurt/Main, both at present in Aussig on the Elbe.

(Page 2 of original)

In their letter dated 20 October 1938, the firms I.G.-Farbenindustrie A.G. and Chemische Fabrik v. HEYDEN A.G. jointly made the petition that they be permitted to enter into negotiations with the general management of the Aussig Association in Prague with the object of purchasing the two plants Aussig and Falkensu through an independent company which they would jointly form. I have decided to approve in principle the action planned by the two petitioners. A copy of my decision which was sent to the petitioners is herewith enclosed for your information.

TRANSLATION OF DOCUMENT No. NI-9159
CONTINUED

(page 2 of original, cont'd.)

Since it is not desirable, as a matter of principle, that different Reich-German firms conduct negotiations with banks in Prague, I should like to ask you - in accord with a suggestion by the petitioners -- to contact the Zivnostenska Bank at once in order to make certain that there will be no change in the ownership of Aussig Association stock, at present in the possession of the Zivnostenska Bank, which would be detrimental to German interests.

Furthermore I should like to request that you at once begin negotiations with the Prague general management of the Aussig Association, or with the Zivnostenska Bank, about the purchase of the two plants Aussig and Falkenau which now are located on Reich German territory. Reports on these negotiations, which you will conduct as a trustee for the above-mentioned firms, you will please submit currently to the head of my chemical department, Ministerialdirigent Dr. MULERT. (Initial: M MULERT)

By proxy

signed: BRINKMANN.

(Seal)

Reich Economics Ministry Official
Eagle and
Swastika

(Stamp)
Certified copy
WENGLER
(Signature)
Ministry

CERTIFICATE OF TRANSLATION

15 September 1947

I, Johanna K. REISCHER, Civ. No. B-397 961, hereby certify that I am a duly appointed translator for the German and English languages and that the above is a true and correct translation of Document No. NI-9159.

Johanna K. REISCHER
Civ.No. B-397 961

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COPY

7.1.38.

Under the direction of Dresdner Bank, a conference took place today, in which the following participated:

President Dr. FRIEDL
Minister (ret.) DVOR. GEM.
Generaldirektor Dr. HILSCH
Direktor Dr. M. STILKE

of the firm Verein fuer Chemische und Metallurgische Produktion,
Prague, (Masarischer Verband);

Sekretar Dr. JUSCHKA
Direktor STREIBER

of Chemische Fabrik von Heyden Aktiengesellschaft, Katschberg-Steinbock.

Sekretar Dr. SCHMIDT
Dr. von SCHMIDT
Dr. MUELLER
Dr. THOMAS
General H. FLIGEL

of I.G. Farbenindustrie Aktiengesellschaft, Frankfurt/10-in;

Direktor HILSCH

of Dresdner Bank, Berlin.

The parties arrived at the following agreement, conditional for both sides on the approval of their respective governments.

1.

A Company to be founded by the German group in Maszig shall acquire from the Masarischer Verband the Maszig and Falkonau works, including the coal and power belonging to the works.

2.

The purchasing price is Re 280 Billion = 24 Billion R.
It being understood that the Verband shall receive Re 230 Billion, whereas the German group is to pay Re 24 Billion.

The day of the transfer shall be 11.10.1938. From that day on, all benefits and charges will be for account of the German group.

(page 1 of original, cont'd)

3.

Until such time as the Vorein starts production in Czechoslovakia of items hitherto manufactured in Aussig or Falkau, it shall receive preference from the Company in the purchase of the said products. The company provides preferential prices and

(page 2 of original)

in the same way as the German group, will protect the rights of the Vorein's customers for the duration of deliveries.

It is further understood that a part of the aforementioned purchase-price shall be paid with goods, in such a manner that 2/3 of the above deliveries will have been charged against the purchasing price by the end of 1946. The right is reserved to a later agreement which may shorten this period by one year at most. The total value of the goods thus to be delivered is set by both parties at Re 100 million, for the time being.

The Vorein itself desires to release of the export quotas for ferrous acid, acetic acid, sodium chloride, potash, potassiumate and caustic potash, provided these deliveries are manufactured from raw material stocks still stored in the Aussig and Falkau works. It is understood that these shall not exceed Re 1 million. The German group agreed to this.

The Vorein shall grant an appropriate time limit for the notification of drawings (Roznagan) or for its intention to take drawings.

4.

The German group agrees in principle to furnish the Vorein for at least 3 years with experimental data concerning these products in the field of inorganics manufactured up to the present at the Aussig and Falkau plants. (This also includes the production of vorein contact-mass).

5.

The German group agrees in principle that the printing ink plant in Aussig shall be taken over by the firm of ENGELHART & Dr. BECKHA, which is planning to move its location from Prague to Aussig.

6.

The Vorein declared that it will take steps to transfer at once the production of sodium perborate and sodium peroxide to Goding (Moravia). The German group agreed to this

(page 3 of original)

and will take the appropriate steps with its own authorities.

7.

The Verein reserves the right to examine the agreements in force between itself and other partners and to see to it, in agreement with the new group, that those contracts which are exclusively concerned with the products of both works are transferred to the new company. In this connection the Verein stated that it claims for itself the electrolysis pool-agreement which was concluded by four partners on 5 August in London.

Both groups declared their willingness to continue all present agreements, whenever possible.

8.

It is understood that at the time of the transfer the works shall have the necessary labor pool.

9.

The Verein desires to acquire the Frossburger Werke of D.S.G. The German Group promised to give favourable consideration to this wish and declared that they would endeavour, at any rate, to bring about an arrangement which would give the Verein a controlling interest in the works.

10.

The contracting parties agreed to elaborate the above heads of agreement in a

(page 4 of original)

special contract. This instrument is to be completed as soon as possible in the interest of the business management of Verein and Falkenberg.

Berlin, 7 November 1938.

Verein fuer chemische und metallurgische Produktion.

(signed:) DVORACEK (signed:) DUSCH

I.G.FARBENFABRIK
Aktiengesellschaft

Chemische Fabrik von Heyden S.G.

(signed:) v. SCHUTTLER

(signed:) JUNGE

(signed:) ~~WILHELM~~

(signed:) HARTIGER

Dresdner Bank

(signed:) illegible

(signed:) ZIESSER.

TRANSLATION OF DOCUMENT No. HT-10581
CONTINUED

(page 4 of original, cont'd)

CERTIFICATE.

I, Elvira RAPHAEL, .OO B 397972, hereby certify that the above is a true and correct copy of the document dated 7 November 1938, as contained in the folder "Veroin fuer chemische und metallurgische Produktion, General-Direktion Prag, General-Sekretariat" located in their Prague office, which folder was temporarily lent to OCC,

signed: Elvira RAPHAEL.

ELVIRA RAPHAEL

O.S. Civilian

.OO B 397972.

CERTIFICATE OF TRANSLATION

16 September 1947

I, Samuel J. HORN, Civ. No. 443 113, hereby certify that I am a duly appointed translator for the English and German languages and that the above is a true and correct translation of the document No. HT-10581.

Samuel J. HORN
Civ. No. 443 113.

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I. G. Farben Industry, Aktiengesellschaft, Frankfurt (Main) 20

To:

Director Dr. KOGLER

Association for Chemical and Metallurgical

Production,

Quasig/Eibe

Legal Department for Chemicals

Dr. H/Str: 11 November 1938

We are herewith sending you an internal circular for your attention, a circular which we have issued, in agreement with Ministerialrat Dr. RUGL and Director HASFLICKER.

Heil Hitler!

I.G. Farben Industry, Aktiengesellschaft

signature: Dr. HERRMANN

signature: illegible

TRANSLATION OF DOCUMENT No. MI - 10405
CONTINUED

I.G. Farbenindustrie Aktiengesellschaft Frankfurt (M) 20
Legal Department for Chemicals 20 November 1938
Grüneburgplatz.

TO: All sales divisions which have an agreement with the
Aussig Association.

(To the other recipients for their information.)

Subject: Agreements with the Aussig Association.

The Aussig and Falkenau Plants of the Association for Chemical and Metallurgical Production in Prague have come into the territory of the German Reich. The Association with respect to those two plants and their production, is thus subject to German Law. It must therefore recognize the Reich Commissars appointed by the German authorities as its legal representatives and accept their negotiations for and against it.

From this legal situation it derived the following opinion concerning the circular of 18 October 1938, which the Association sent to all conventions with which it has an agreement: It is indeed true that the individual plants of the Association are not 'the subject of law and legal obligations following from the individual contracts'. Moreover, the contractual partner is still the Association as such. It is, however, not true, that the management of the Association has not been affected by political events and that only the Prague General Directorate can carry on legally valid negotiations; the Reich Commissars appointed by the German authorities for Aussig and Falkenau are the legal representatives for the Association, and they have full power of attorney in the name of and over the account of the Association, for the Aussig and Falkenau plants and for their production.

Since the Aussig and Falkenau Plants are still the property of the Association, the latter is still to be regarded as a uniform whole, with the following deviation from the former situation, that the Prague General Directorate cannot issue any orders with respect to Aussig and Falkenau, without the local Commissars.

TRANSLATION OF DOCUMENT No. NI - 10405
CONTINUED

(page 2 of original)

The Association is also subject to all obligations resulting from the contract with regard to the conventions of which the Association is a member and, as far as the contracts are executed from Aussig and Falkenau - it has to acknowledge this execution for itself. As long as its membership is kept up, the Association cannot, in order to meet its quota, manufacture in the rest of Czechoslovakia, without having the shipments of the Aussig and Falkenau plants booked to its credit.

Neither we nor the members of the convention have any reason to fight for the legal situation described above with the Prague General Directorate, which of course, does not recognize it. Nevertheless, the conventions cannot accept without objection the circular from Prague of 18 October 1938. We therefore ask you to send a circular as per enclosure to the members of the conventions including Aussig and Itac. We ask you to send us a copy of your circular and copy of remarkable answers if any should come in.

We furthermore ask the departments who are in conventions with Aussig to inform us whether the convention's product is only manufactured at Aussig, respectively Falkenau or only in a Czecho-Slovak plant of the Association or on both sides of the new border.

As soon as change in possession concerning Aussig and Falkenau become known, we will take a new stand.

LEGAL DEPARTMENT FOR CHEMICALS

Dr. H/221.
enclosure

TRANSLATION OF DOCUMENT No. NI - 10405
CONTINUED

NI - 10405

-4-

Enclosure

Re:.....- Convention.

The Association for Chemical and Metallurgical Production sent out the following circular with date of 18 October 1938:

* In consideration of the political changes which have taken place and in order to prevent possible unnecessary misunderstandings, we take the liberty to draw your attention to the fact that the political events have no bearing on the management of our firm, especially with regard to the relationship to the individual parties who have contracts with us and that our firm in France, and not by any means some of our individual plants continues to be subject of laws and legal obligations as resulting from the individual contracts. This means also that, as has been the practice up to this date, only the General Directorate in France has the exclusive right to act/carry on legally valid negotiations in the name of our firm; that all correspondence will be handled via France and that correspondence relating to us has to be addressed to France*.

In a recent visit the circular of the Aussy plant management (deputy administration) of 28 October 1938 we understand the legal situation to be such that the Association with the Aussy and Falkenberg plants is not under the territorial sovereignty of the German Reich and, with its productions manufactured there, is subject to German laws and authorities, so that the Reich Commissioners appointed for these plants by the German authorities are to be acknowledged as the legal representatives of the Association. The circular indicates that the General Directorate in France is of a different opinion. It is not up to us to interfere with these internal differences of opinion within the Association. The Association, however, is still a member of our convention with the understanding that the business management for the production of the Aussy and Falkenberg plants lies with the Reich Commissioner. For this reason we are going to inform the General Directorate of the Association in France as well as the Reich Commissioners in Aussy concerning all important matters of the convention. Since the products of the Association with which our convention is concerned are only manufactured at the Aussy plant (here Falkenberg can possibly be inserted), the meeting of the contracts in this regard lies with the commissioners. As far as the rights of the Association established through the contract are being exercised by one agency, further claim to these rights is, of course, not possible.

TRANSLATION OF DOCUMENT No. NI - 10405
CONTINUED

CERTIFICATE OF TRANSLATION

16 September 1947

I, Thos v. SIEFFERT, Civ., B 397 929 , hereby certify that I
am a duly appointed translator for the German and English
languages and that the above is a true and correct translation
of document No. NI - 10 405 .

Thos v. SIEFFERT

Civ., B. 397 929

69

TRANSLATION OF EXCERPTS FROM DOCUMENT No. NI-8580
OFFICE OF CHIEF OF COUNSEL FOR WAR CRIMES

RECORD OF INTERROGATION
of: Herr Heinz ~~WEPPLIN~~ MAYER-WEPPLIN
by: Mr. Randolph H. NEWMAN
on: June 1947, from 14:30-15:00 hours,
Stenographer: Emma Marr

Q.: For today's interrogation, the oath which you took three days ago remains valid, and this is therefore an interrogation on oath.

A.: Yes.

Q.: I want to ask you the following: You may remember that after commissioners (Kommissare) had been appointed at Aussig and Falkenau, the Prager Verein (Prague Association) stated in a circular letter its opinion that the business management in Prague would continue to be solely responsible for all questions concerning the Prager Verein. The association wanted to prevent the commissioners from taking legal actions for the association on their own initiative. You opposed this attitude and, in a circular letter of 10 November 1938, you advanced the opinion that the Reich Commissioners appointed by the German government were authorized to act for the Aussig and Falkenau works, as their legal representatives. You felt that the Prager Verein should have to approve every action in its favor or against it, by these commissioners. My question is: on what did you base your legal opinion? Did you have in mind a specific law which dealt with the authority of such commissioners?

A.: I no longer remember this opinion.

Q.: You can read it again.

The witness is given a circular letter, dated 10 November 1938, headed: "To all Sales Departments which have an agreement with the Aussig Verein".

A.: I had in mind not a special law, but evidently the Munich Four-Power agreements.

Q.: What was the legal basis for the appointment of such commissioners?

A.: I do not know that. The legal basis for the circular letter, however, is evidently this, that as a result of the Four-Power Munich conference, both works lay within the boundaries of the German Reich, so that a decree of the Government of the German Reich, which has its legal basis in the so-called enabling act, if nowhere else, carries authority. The position in Germany was as follows: decrees could be promulgated on the basis of the enabling act.

(Initials)

EM

(page 2 of original)

without reference being made to parliament and without the procedure required in former times.

- Q.: That did not mean that one could confiscate private enterprises, and had no bearing on the legal authority of a commission?
- A.: No, but if the Reich government published such a law or appointed commissioners, it was possible, to do so at the time, on the basis of the enabling act.
- Q.: Of what enabling act are you speaking, anyway?
- A.: The act by which the Nazi-government generally sanctioned its laws. I mean the act of 1933 which empowered the Reich government to promulgate and revoke laws, even laws the contents of which change the constitution.
- Q.: Do you know that even in the case of Poland, special laws designed to meet the special case were issued, in accordance with which property controllers (Sachverwalter) could be appointed and which clearly defined the authority of these controllers? Do you think it was different in the case of the Sudetenlands?
- A.: I am not at all familiar with the case of Poland. I was a soldier at the time. As for the Sudetenland, I cannot recall any law or decree. As far as I remember, there was, in fact, no special legal authority for the appointment of such commissioners. They were simply appointed and there they were. I believe that either the Gauleitung or the Reich Ministry of Economics was responsible for their appointment.
- Q.: I should like to ask you in addition: What do you know about the Appollo-Oil-Company and I.G. interests, therein?

.....
(page 3 of original)

.....
Stenographer : signature : Emma Narr

Herr Heinz MAYER-VEGELIN (Witness) signature : Heinz Mayer-Vegelin

Mr. Randolph H. NEWMAN (Interrogator) Randolph H. Newman

signed and corrected on 5 June 1947

TRANSLATION OF EXCERPTS FROM DOCUMENT No. NI-8580

CONTINUED

CERTIFICATE OF TRANSLATION

17 September 1947

I, Samuel S. HORN, AGO No. 443 113, hereby certify that I
am a duly appointed translator for the German and English
languages and that the above is a true and correct translation
of the document No. NI-8580.

.....
Samuel S. HORN
AGO No. 443 113

72

TRANSLATION OF EXHIBITS FROM DOCUMENT No. MI-1139
OFFICE OF CHIEF OF COUNSEL FOR WAR CRIMES

Pencil Note: Final Contract of Transfer (Contract of Sale).

Copy.

Number 495 of Documents roll for 1938.
For the original 3.-RM (Three Reichsmark) Documents' tax has been paid.
For each additional copy 3.-RM (Three Reichsmark) Documents' tax has been paid.

Berlin, on the

Notary

Proceedings in Berlin, on the 7th December 1938.

Before the undersigned Notary in Berlin
Attorney-at-law Werner FRAUX DE LACROIX
residing in Berlin W.8, Unter den Linden 71

who on request had repaired to the offices of the I.G. Farben-
industrie Aktiengesellschaft in Berlin NW. 7, Unter den Linden 82,
the following persons have appeared today:

1. Vice President Jan DVORACEK of Prague-Bibenec, Buckova 5,
2. Generaldirektor Dr. Antonin BASCH of Prague-Bibenec, Kahlarova 753,
3. Dr. Heinz MAYER-WEGELIN of Frankfurt-Main, Waidmannstrasse No.8.

(page 2 of original)

4. Dr. Fritz PFUNDER of Radebeul near Dresden, Rosoggerstrasse No.4.

The persons named under 1 and 2 declare, that they will in the following proceedings act as legal representatives of the Association for chemical and metallurgical production in Prague, hereinafter called the Seller.

The persons named under 3 and 4 declare, that they will in the following proceedings act as legal representatives of the firm Chemische Werke Aussig-Falkenberg Gesellschaft mit beschränkter Haftung at Dresden, hereinafter called the Purchaser.

These persons, in their aforementioned capacity, conclude the following

(page 2 of original, cont'd)

Contract of Sale.

Art.1.

The Seller sells and the Purchaser buys the properties with buildings, mine concessions and mineral rights as described in Enclosure A, attached to this Contract.

The Sale and Acquisition take place regardless, whether the above named objects are formally in the ownership of the seller or in the ownership of a Third party, if the seller possessed the right to use these objects or was in actual possession of these objects before 11 October 1938, and on 11 October 1938 possessed a claim for transfer of ownership. In the latter case the seller undertakes to procure ownership for the Purchaser not later than 30 June 1939, without any obligations to pay resulting for the Seller from any hitherto existing use or possession being taken over by the Purchaser.

(page 3 of original)

The Seller guarantees, that the rights of prescription registered on individual properties will not be exercised for the present Sale, the Seller guarantees likewise, that the rights of redemption will not be exercised on the occasion of the transfer of the plants sold to the Purchaser. In as far as any prohibitions of sale are in force, the Seller will do his best to effect, that the Purchaser will obtain from the person entitled the consent for the disposal of the objects in question.

Such properties and mine concessions are included in the sale, as are not stated or are not stated correctly in the enclosed list, but in fact belong to the Aussig-Falkenberg plant, regardless, whether they are located at a distance from the plant or not. If necessary, the Seller undertakes to procure the ownership also of these objects and to make all possible necessary declarations.

Art.2.

The rights and incumbrances entered in the real estate registers and mine registers on 11 October 1938 are taken over by the Seller to the amount then existing.

Art.3.

The Seller does not guarantee a specific size or a specific condition of the properties sold.

Art.4.

The purchase-price follows from Enclosure A.

TRANSLATION OF EXCERPTS FROM DOCUMENT No. MI-1139
CONTINUED

(page 3 of original, cont'd)

Art. 5.

Use and incumbences are taken over by the Purchaser on 11 October 1938.

Art. 6.

The persons present now declare in their aforementioned capacity:

(page 4 of original)

We shall effect the transfer and at once make the declarations necessary for the procurement of ownership.

Furthermore the persons present declare, in their aforementioned capacity:

We are agreed, that the ownership in the properties, mine concessions and mineral rights listed in the enclosure attached to this contract is to be transferred to the Purchaser.

The Seller herewith transfers the sold properties, mine concessions and mineral rights to the Purchaser and approves, that the Purchaser be entered as owner in the real estate registers and mine registers.

The Purchaser accepts the Transfer and requests entry of the transfer of ownership in the real estate registers and mine registers.

Both contracting parties declare their agreement that in virtue of this contract and of the enclosure attached to this contract the right of ownership in the lots of real estate building sites, mine concessions, mine measurings, additions to mine concessions be incorporated for the purchaser in the real estate registers and in the mine registers under the registration numbers stated in the enclosure for the land registry districts likewise stated in the enclosure.

These declarations refer only to those real estate registers and mine registers, in which the Seller is entered as owner.

Art. 7.

The contracting parties mutually undertake to make all declarations in the possibly described form, which might still be necessary to procure for the Purchaser the ownership in the objects, properties, rights etc. sold, or which might be otherwise important for the carrying out of the contract.

TRANSLATION OF EXERPTS FROM DOCUMENT No. NI-1139
CONTINUED

(page 5 of original)

Art. 8.

The contracting parties declare:

We have concluded the contract contained in the Enclosure attached to the record of these proceedings. The agreements and requests contained in the foregoing Articles are a part of the main contract contained in the Enclosure. We want to make the complete Contract a matter of record, to be signed by the Notary.

Following this the Notary read the Enclosures attached to the record of these proceedings.

After which the contracting parties declare:

We herewith expressly make the declarations contained in the Enclosures read to us and we profess our agreement with their contents.

In addition the Purchaser declares:

We are in possession of a decree of the Reich Minister of Economics dated 10 November 1938 I Chem. 6690,38 issued to the attention of the Dresdner Bank, authorizing us on principle to acquire the Aussig and Falkenau plants.

It is requested:

That 5 copies be made of the record of these proceedings.

The record and the Enclosures have been read to those present by the Notary, have been approved with their alterations and additions by the contracting parties and have been signed by them in their own hands, as follows:

Ing. Jan DVORACEK.
Dr. Antonia BASCH.
Dr. Heinz MAYER-VEGELIN.
Dr. Fritz PFUNDER.
FRAUX DE LACROIX
Notary.

(page 6 of original)

Enclosure No. 1, attached to record dated 7 December 1938
No 495 of the Documenta Roll year 1938.

(L.S.) FRAUX DE LACROIX
Notary.

Association for Chemical and Metallurgical Production.
General-direktion at present Berlin, 7 December 1938.

To the
Chemischen Werke Aussig-Falkenau G.m.b.H.
Dresden.

(page 11 of original)

.....
II. Purchase Price.

1) The Purchase Price amounts to 280,000,000.- Czech Kronen (two hundred and eighty million) = 34,080,000.- Reichsmark (twenty four million eighty thousand), it being understood, that we shall in any event be entitled to receive 280,000,000.- Czech Kronen (two hundred and eighty million), while you pay not more than 34,080,000.- Reichsmark (twenty four million eighty thousand).

2) This purchase price breaks down as follows:

For real property and buildings Kc. 75,000,000.- (seventy five mill.)

For machines, apparatus, other installations,
equipment and accessories Kc. 135,000,000.- (One hundred and
thirty five million).

(page 12 of original)

stock in hand Kc. 45,000,000.- (forty five million).

Other objects of purchase, especially
rights, such as Patent licences, rights of
manufacture and rights from agreements

cash in hand and assets Kc. 25,000,000.- (twenty five million).
Kc. 290,000,000.- (two hundred and eighty
million)

3) Part of the Purchase Price is paid in such a way, that two thirds of goods delivered to the maximum amount of 110,000,000.- Czech Kronen (one hundred and ten million), that is 73,400,000.- Czech Kronen (sixty three million four hundred thousand) are set off against the purchase price till 31 December 1940. In case the aforementioned amount has not been attained in this way till the date stated, the balance has to be paid in cash. It is reserved for a later agreement to reduce the term ending on 31 December 1940 by one year at the highest.

4) Moreover part of the purchase price to the maximum amount of 11,500,000.- Czech Kronen (eleven million five hundred thousand) is paid in such a way, that formic acid, oxalic acid, sodium chlorate, potassium carbonate, permanganate and caustic potash, as far as these products are manufactured from the stock in hand in Au-sig and Falkenberg on 11 October 1938 are made available to us, to be carried off from the Falkenberg or Au-sig Plant in accordance with the regulations of the agreement (Convention) and in current understanding with the parties to the agreement, with the proviso, that our net proceeds (i.e. gross proceeds less freight, packing, customs duties, turnover tax and other public duties reducing the proceeds) are set off against the purchase price.

TRANSLATION OF EXCERPTS FROM DOCUMENT No. HI-1189
CONTINUED

(page 12 of original, cont'd)

5) We declare our readiness on principle, to cooperate in settlements with third parties intended to facilitate the transfer of the part of the

(page 13 of original)

purchase price, which has to be paid in cash.

6) The purchase price has to be paid as soon as possible.

As far as the purchase price of 280.000.000.- Czech Kronen (two hundred and eighty million) has not been paid, a 6 % interest p.a. has to be paid on it as from 11 October 1938.

.....

(page 26 of original)

.....

Yours very truly

Association for Chemical and Metallurgical
Production.
signed: J. DVORACEK. signed: D. RASCH.

(page 51 of original)

I.G. Farbenindustrie Aktiengesellschaft, Frankfurt (Main) 20.
pencil note: Contract of Sale.

Rubber Stamp: Directorate Dept. Chem.
13 December 1938.
B.

| Our References | Day | Sheet |
|----------------------------------|-------------------|-------|
| Legal Dept. Chem. Dr. MW/Etz. | 12 December 1938. | |

| | |
|----------------------------------|------------------|
| Director WEBER-Andreas, | Frankfurt (M) 30 |
| Ministerial Councillor Dr. BUEHL | Frankfurt (M) 30 |
| Director Dr. KUEHN | Leverkusen |
| Director BAERFLIGER | Frankfurt (M) 20 |
| Director Dr. HUEBIGIN | Bitterfeld |
| Director Dr. WURSTEN | Ludwigshafen |
| Director Dr. AMEROS | Ludwigshafen |

(page 51 of original, cont'd)

Subject: Chemische Werke Auszig - Falkenau G.m.b.H.

The Contract of Sale between the Prague Association and the Chemischen Werke Auszig-Falkenau G.m.b.H. (the firm established for this purpose by the I.G. in conjunction with the Chemische Fabrik von HEYDEN) was concluded in Berlin before the Notar on 7 December 1938 after negotiations lasting three days. Present at the negotiations:

For the Association Messrs DWORACHE
Dr. BASCH
Dr. MANNING;

For the I.G. Herren
Dir. Dr. v. SCHMITZER
Ministerial Counsellor Dr. BUHL
Dir. Dr. KUSCHE (temporarily)
Dir. HÄNGLER
Dir. Dr. ILGNER } (temporarily)
Dir. v. HEIDER }
Dr. BOPPAERT }
Dr. KERSTEN
Attorney Dr. MAYER - WEGELIN.

For the Chemische Fabrik von HEYDEN Herren: Geheimrat JUNGEL
Dir. STRUBBERG
Attorney Dr. SCHMIDT
Dr. PFUNZER.

For the acting management of the Dresdner Bank
Dir. Dr. KUGLER
Dir. ZINSSEH.

Enclosed please find one copy each of the contract, which was

(page 52 of original)

drawn up in conjunction with the Berlin Legal Department and with Director Dr. KUGLER, and in the drawing up of which also members of the Farben Legal Department and Dr. SCHMIDT (Chemische Fabrik von HEYDEN) collaborated.

Our internal relation with the Chemische Fabrik von HEYDEN is governed, apart from the articles of association concerning the establishment of the Chemische Werke Auszig-Falkenau G.m.b.H., by a syndicate agreement, which has already been signed, but which is still to be completed by a letter to be discussed only at a later date. Therefore we post one dispatching these documents till they are complete.

Final success now depends on the necessary consent of the Berlin and Reichenberg authorities, which is at the moment being sought by Director Dr. ZINSSEH of the Dresdner Bank.

Legal Department Chemicals
Signature: Dr. MAJE-WEGELIN

Enclosure

TRANSLATION OF EXERPTS FROM DOCUMENT No. NI-1139
CONTINUED

CERTIFICATE OF TRANSLATION

12 September 1947

I, Ludwig BORINSKI, Civ.No. AGO CA. 34 486, hereby certify that I am a duly appointed translator for the German and English languages and that the above is a true and correct translation of excerpts from document No. 1139.

Ludwig BORINSKI
Civ.No. AGO CA. 34 486.

SP

12 December 1938. T.

Herr

State Minister (Staatsminister) LEHR
Ministry of Economics and Labor

Dresden - N. 6
Carolaplatz 2

My dear Herr Minister:

Subject: Jussig-Falkenau.

There are two large chemical works in the Sudetengau, in
Jussig and Falkenau, which belonged to the Union for Che-
mical and Metallurgical Production in Prague and which,
in the main, produce the same products as we and our sub-
sidiary company in Hirschfelde. Production capacity of these
two plants is partly the same, as, and partly larger than
that of our plants at Radebeul and Weissig; the production
program beyond that is still more extensive.

Therefore, we already took preliminary measures in
the event of an incorporation of Sudeten Germany into the
German Reich, to gain influence over these two plants and a
short time ago made the necessary agreement with the Military
Administration. The agreements made in this matter were
under the strictest obligation to maintain secrecy.

(page 2 of original)

After the peaceful occupation of the Sudeten territory,
these agreements with the Military Administration became
pointless. However, already in the critical days of September,
the I.G. Farbenindustrie attempted to obtain influence over
these two plants. There was also a commissioner appointed
by the Reich Government to administer these two plants.

In consequence of this fact, at the beginning of
October of that year, we found ourselves faced with the
necessity of making a most emphatic objection to this at
the Reich Ministry of Economics, namely that the I.G. had
now also incorporated the two plants at Jussig and Falkenau

(page 2 of original, cont'd)

and we pointed out that if the two plants should come into the possession of others and as a consequence our influence upon them should not be identical to that exercised upon the plants at Redebau and Weissig, we would be stifled because of the huge production of these plants. The Reich Ministry of Economics was convinced of our vital interests in these two plants at Aussig and Falkenau and upon its initiative an agreement was reached between ourselves and the I.G. Farbenindustrie to the effect that we would jointly acquire the two factories with half-partnership in a new Gesellschaft to be founded which would comprise the two Sudeten German plants.

Then on 7 November 1938, we jointly negotiated with the Union for Chemical and Metallurgical Production in Prague and concluded an agreement according to which this Gesellschaft to be founded was to acquire the plants. The Gesellschaft was then founded on 30 November 1938 under the name "Chemische Werke Aussig-Falkenau G.m.b.H." (Chemical Works Aussig-Falkenau, Ltd.) between I.G. and ourselves, and capitalized at 10 million Marks which I.G. and we were to subscribe on a 50-50 basis. On 7 December 1938, after the conclusion of difficult negotiations lasting several days, the purchase contract between this G.m.b.H. (Limited Co.) as party of the first part and the Prague Union as party of the second part was concluded.

(page 3 of original)

The extensive contract regulated not only the transfer of the two plants to the new company to be founded but contained a series of provisions regarding the future cooperation with Prague in conventions and the like and regarding the particularly difficult formulation of the regulating of the purchase price in the amount of 280 million Czech Kronen.

Negotiations were carried on in constant close contact with the Reich Ministry of Economics which evidenced quite an interest in the regulating of this matter.

The newly founded Gesellschaft has its temporary location in Dresden; when the German G.m.b.H. law (law covering limited liability companies) is extended to the Sudetenland, then this Gesellschaft is to be transferred to Aussig.

TRANSLATION OF DOCUMENT No. NI-9158
CONTINUED

(page 3 of original, cont'd)

Heil Hitler!

Chechische Fabrik von HAYDEN
Aktiengesellschaft

(Two sets of illegible initials)

CERTIFICATE OF TRANSLATION

12 August 1947

I, Robert S. CLARK, Civ.No. 3 397939, hereby certify that I am a duly appointed translator for the German and English languages and that the above is a true and correct translation of the document No. NI-9158.

Robert S. CLARK
Civ.No. 3 397939

TRANSLATION OF DOCUMENT NO. NI-11263
OFFICE OF CHIEF OF COUNSEL FOR WAR
CRIMES

VEREIN FUER CHEMISCHE UND
METALLURGISCHE PRODUKTION

Aussig / Elbe 29 October
1938

(ASSOCIATION FOR CHEMICAL
AND METALLURGICAL PRODUCTION)

AUSSIG / Elbe

To:
Herrn Johann S m a t a n a,
H o r b i t z

Telephone: 2971 & 3501
Telegraphic Address:
At Home: CHEMISCHE AUSSIG
Abroad: Chemische Usines Elbe
Mail Address: Aussig CSR Post Box

Please quote in reply:

Your letter of:

Workers sub-dept. No. 15968.

In view of the changed circumstances we find ourselves
forced to suspend you from our employment until further notice.

Please contact the Personnel sub-dept. of the General
Management in Prague which will be informed of our letter
of today's date, about your further employment.

Please acknowledge receipt of this letter on the
attached copy.

Yours faithfully
VEREIN FUER CHEMISCHE UND
METALLURGISCHE PRODUKTION

1 enclosure

The temporary official
administrators: (kommissarischen Leiter)
appointed by the Reich Ministry of Economy:

(signatures:) Ing. J.V. Brunner Kugler

CERTIFICATE OF TRANSLATION

I, D.L. Galowski, ETO 34079, hereby certify that I am
thoroughly conversant with the English and German languages
and that the above is a true and correct translation of the
Document No. NI-11263.

10 October 1947

D.L. Galowski
ETO 34079

END
-1-

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Aussig 17 January 1939.

(Trans. note: Initial K(for Kugler))

NOTE

According to a telephone message from Dr. Prentzel, Regierungsrat Dr. Hoffmann has been informed by the Reich Min. of Economy through Dr. Kehrl that in the Sudeten German Works of the Aussig Verein various installations have allegedly been closed down and a great number of dismissals of workers are supposed to have taken place. It is not possible to determine from where this information to the Reich Ministry of Economy originates.

It was explained to Dr. Prentzel that this information was completely incorrect and that there can be no question of any closing-down of factories nor of large-scale dismissals. When Dr. Prentzel asked whether any dismissals had been made at all in the Aussig and Falkenau factories or in the mines during the past months, I replied that although a number of people were given notice, this was only in those cases in which there were valid reasons for the dismissal and in which this was unavoidable in the interests of maintaining order at work.

Dr. Prentzel explained that Regierungsrat Dr. Hoffmann had himself not attached much importance to this information but that he had wanted to assure himself of this in Aussig via Berlin just in case. In any case it seems desirable that next time someone visits Berlin, he should try to ascertain from where this false information was passed to the Reich Ministry of Economy.

D/Rc

(signature illegible)

Distribution:

Dir. Dr. Kugler
Dir. Ing. Brunner.
Dir. Dr. Brosch.

(page 2 of original)

(Trans. Note: Initial S (for von Schnitzler))

To:

Regierungsrat Dr. Hoffmann
Reich Ministry of Economy.
Berlin N.B.
Schrenstr. 43

(Trans. Note: handwritten note:
KEHRL - answer HOFF A...)

Aussig Works

Fr/Kts.

18 January 1939.

Dear Regierungsrat,

With reference to the recent telephone conversation with Dr. Prentzel we would like to add confidentially for your information only that since the Aussig works were taken over by the temporary official administration (Kommissarischen Verwaltung) up to date 209 members of the staff have

TRANSLATION OF DOCUMENT NO. NI-11264
OFFICE OF CHIEF OF COUNSEL FOR WAR
CRIMES (continued)

been removed in the course of a clean-up program under the supervision of the party authorities concerned.

Approximately 500 employees and workers have voluntarily given notice. This applies mainly to Czechs who have moved their homes to the new Czech territory.

Opposed to this decrease of about 700 people in the staff of the Aussig works over 600 new staff members have been assigned since the official administration (kommissarische Verwaltung) took over, and further new people continue to be engaged. The total staff now amounts to 2,200 persons, which constitutes a number which since the World War has only been reached during seasonal peak employment periods. No closing down of or disturbances in the factories have taken place so that this or anything of a similar nature has not been the cause for large scale

(page 3 of original)

dismissals either.

Pr/Kts 18 Jan 1939 2

Heil Hitler!

I.G.FARBENINDUSTRIE AKTIENGESELLSCHAFT.

signed ppa Kersten signed i.v. Prentzel.

CERTIFICATE OF TRANSLATION

I, D.L. Galowski, ETO 34079, heroby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of the Document No. NI-11264.

10 October 1947

D.L Galowski
ETO 34079

TRANSLATION OF DOCUMENT NO. NI - 11376
OFFICE OF U.S. CHIEF OF COUNSEL
FOR WAR CRIMES

ASSOCIATION FOR CHEMICAL AND METALLURGICAL PRODUCTION
(VEREIN FÜR CHEMISCHE UND METALLURGISCHE PRODUKTION)

National Enterprise
Aussig/Elbe Works.

Association for Chemical and Metallurgical Production.

Nationalised Enterprise, Aussig/Elbe Works.

! !
! !

Note of Personnel Dept. Aussig.

! !
! !

Your ref. Your letter of: Our Ref. Aussig/Elbe
U-1313 Pers. MX-R. 16 September 1947.

Subject: Dr. Eugler - Activity as Commissioner (Kommissar) of the
Reich Ministry of Economy in the Aussig works in October
1938

To-day we have carefully reviewed our records of personnel files of our past employees of the Aussig/Elbe works who were dismissed from employment in this factory immediately after the German occupation in October 1938. We have found the following:

In the personnel files of employees of Czech nationality and employees of Jewish faith and Jewish origin respectively, listed below with their dates of birth, carbon copies of letters dated 14-20 October 1938 with the following text were filed:

Addressees see attached list.

(Trans.
Notes:
This
text was
in Ger-
man in
original)

Text: In view of the changed conditions we find ourselves forced to suspend you from employment until further notice. Please contact the personnel Sub-Department (Referat) of the General Management in Prague, whom we are informing about our letter of to-day's date about your further employment. Please acknowledge receipt of this letter on the attached form.

1 enclosure. Yours faithfully;

The temporary official chief (kommissarischer Leiter) appointed by the Reich Ministry of Economy;

Ing. J. Brunnas m.p. ppe Neuman m.p.
Kugler m.p. ppe Schmidt m.p.

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TRANSLATION OF DOCUMENT NO. NI - 11376
CONT'D

The signatures which are above marked with the abbreviation m.p. with my own hand were handwritten and clearly legible on the carbon copies of the above letter, which was typed with a blue ribbon. The letters or their copies with the above text are addressed to and filed in the personnel files of the following employees:

please turn over.

| Telegram Address | Telephone | Teletype |
|-------------------|-----------|-----------|
| Spolchania Auseig | 470-476 | auseig 2. |

(page 2 of original)

| | |
|----------------------------------|------------|
| 1/ Allan Zdenek Dr.ing. | 16.8.1912 |
| 2/ Bil Miles dr. | 10.9.1911 |
| 3/ Blazek Zdenek ing. | 1.1.1909 |
| 4/ Blazkova Emilie | 3.6.1915 |
| 5/ Bondy Richard dr. | 29.6.1878 |
| 6/ Braun Otto dr. | 16.10.1913 |
| 7/ Brilik Karel ing. | 26. 7.1908 |
| 8/ Burca Josef | 22. 5.1913 |
| 9/ Cernik Emil | 6. 4.1916 |
| 10/ Cervinka Vladimir | 5.10.1909 |
| 11/ Dastych Frantisek | 16.5. 1916 |
| 12/ Freund Hermann ing. | 23.9. 1896 |
| 13/ Gryo Vilam ing. | 13.2. 1906 |
| 14/ Habala Miles dr.ing. | 8.5. 1907 |
| 15/ Hanousek Vitoslav ing. | 25.9. 1908 |
| 16/ Hajduk Alfred | 16.10.1901 |
| 17/ Holwich Ludvik ing. | 15.12.1899 |
| 18/ Karynk Josef ing. | 27.11.1901 |
| 19/ Hlavica Bretislav dr.ing. | 24.10.1897 |
| 20/ Jozek Jan dr. | 23. 1.1909 |
| 21/ Jirkova Zdenka | 23. 6.1911 |
| 22/ Justitz Sigmund ing. | 17.12.1897 |
| 23/ Kamen Karel dr.ing. | 7.10.1903 |
| 24/ Kloboucnik Jindrich | 6.1.1915 |
| 25/ Krafft Otto dr. | 16. 8.1905 |
| 26/ Kusy Vaclav | 6. 6.1913 |
| 27/ Lincova Marie | 10. 3.1914 |
| 28/ Mannheim Ladislav dr.ing. | 25. 3.1895 |
| 29/ Marecek Josef | 28. 8.1910 |
| 30/ Michalicka Ludvik | 28. 3.1913 |
| 31/ Hart Oldrich ing. | 13. 2.1909 |
| 32/ Muehl Jiri dr.ing. | 4. 4.1912 |
| 33/ Panus Karel dr. | 19.12.1909 |
| 34/ Palncova Anna | 21. 7.1916 |
| 35/ Pils Rudolf | 22. 2.1913 |
| 36/ Pirek Johann dr.ing. | 17. 7.1900 |
| 37/ Pohledeck, Vaclav | 4. 8.1906 |
| 38/ Pokorny Antonin | 4. 8.1906 |
| 39/ Pristoupil Vladislav dr.ing. | 28. 8.1899 |
| 40/ Rihak Frantisek | 7. 2.1916 |
| 41/ Rihakova Marie | 6. 9.1914 |
| 42/ Rihova Marie | 27. 9.1918 |
| 43/ Sequardt Miles | 16. 1.1916 |
| 44/ Skutil Josef | 23.12.1915 |
| 45/ Skatera Zdenek | 9. 12.1906 |
| 46/ Sperlova Ludmila | 9. 12.1906 |

TRANSLATION OF DOCUMENT NO. NI - 11376
CONT'D

| | |
|---------------------------|------------|
| 47/ Subek Josef ing. | 26. 8.1906 |
| 48/ Sukova Bela | 27. 2.1913 |
| 49/ Svrock Bohmil | 28. 4.1896 |
| 50/ Sykora Jiri | 11. 2.1908 |
| 51/ Stehale Vaclav | 21. 2.1912 |
| 52/ Stefen Rudolf dr.ing. | 16. 2.1913 |
| 53/ Steffel Ott, dr.ing. | 13.11.1909 |
| 54/ Steffel Viktor ing. | 25.11.1900 |
| 55/ Stephen Vaclav ing. | 21. 7.1911 |
| 56/ Stepasok Jan | 15. 1.1914 |
| 57/ Stopka Viktor dr. | 15. 4.1905 |
| 58/ Tuma Vaclav | 9. 8.1901 |
| 59/ Vais Oswald dr. | 29.11.1909 |
| 60/ Vajdova Marie ing. | 8. 9.1913 |

(page 3 of original)

Sheet 3 page 3 note of personnel department Missig Ref.no.U-1313
personnel Mc/R 16 Sept 1947

| | |
|---------------------------|-------------|
| 61/ Valenta Josef ing. | 30. 5.1908 |
| 62/ Vesely Vaclav ing. | 6. 5.1911 |
| 63/ Vildova Zdenka | 7. 1.1913 |
| 64/ Vodickova Marie | 13.12.1914 |
| 65/ Vyznecova Zdenka | 10. 7.1902 |
| 66/ Vyskocil Josef | 9. 3.1913 |
| 67/ Wanka Jan ing. | 11. 9.1909 |
| 68/ Weigner Jaromir ing. | 1. 6.1910 |
| 69/ Zidlicka Milada | 15. 7.1917 |
| 70/ Zarubova Vincencie | 29. 3.1907 |
| 71/ Smisek Frantisek ing. | 29. 1.1907 |
| 72/ Smejkal Josef | 7. 2.1893 |
| 73/ Urbanec Jan | 21.11.1909. |

As we have already expressly stated, this concerns only employees of Czech nationality or employees of Jewish origin. There is one case (Steffel Otto, Dr.ing.), where the employee was Czech and was married to a woman of Jewish origin. The term 'Jewish origin' in this note is used in accordance with the German and/or Nuremberg Laws valid at that time.

This covers the activities of Dr. Kugler as far as can be seen from the records of the Personnel Department of the Missig/Elbe works.

Missig/Elbe 16 September 1947

Verein fuer Chemische und Metallur-
gische Produktion
(Association for Chemical and Metal-
lurgical Production)
National enterprise.
Personnel sub-department
(Referat)
(illegible signature)

2)

CERTIFICATE OF TRANSLATION

I, Dorothy Galewski, ETO no. 34079, hereby certify that I am thoroughly conversant with the English and German languages; and that the above is a true and correct translation of Document No. NI 11376.

Dorothy Galewski
Civilian, ETO 34079

TRANSLATION OF DOCUMENT NO. VI - 11376
CONTD.

2)

CERTIFICATE OF TRANSLATION.

I, HERBERT UNGER, ETO 20140, hereby certify that I am thoroughly conversant with the Czech and German languages and that the above is a true and correct translation of Document No. VI - 11376.

HERBERT UNGER
ETO 20140.

(E F D)

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TRANSLATION OF DOCUMENT NO. NI - 11624
OFFICE OF U.S. CHIEF OF CONSUL
FOR WAR CRIMES.

File No. 37.562

First page

C o p y

N o t a r i a l R e c o r d

(Stamp -
8 koruna).

Stamp - 13 Koruna.

Recorded on 16 September 1947 / sixteen September nineteen
hundred and fortyseven / through me, Angela Kozakova-Jirova,
Dr. jur., notary, domiciled in Prague II, No. 946, Koruna-
Palast, in my office at the same place.

There appeared before me the person known to me personally and
according to his own statement to be Mr. Franz E l o c k a ,
employee of the Gesellschaft fuer chemische und Huettenerzeugung
(Company for chemical and foundry products), national
enterprise, plant at Neradovice, resident at Neradovice No.621,
who stated that he was born on 9 January 1893 in Slepenco,
district Slany, subject to the jurisdiction of that district,
married, of Roman-Catholic religion and that he made this - -

second page - - - - -

- - - - - a f f i d a v i t - - - - -

before me, as notary, of his own free will and without
coercions

I was employed from May 1935 with the Gesellschaft fuer
chemische und Huettenerzeugung in Aussig/Elbe, where I had,
however, already worked for more than 11 years as employee
of the building firm Erlbeck & Lichtenecker, building con-
tractors, in Aussig/Elbe. I worked as factory builder (Fabrik-
baumeister) in the enterprise and remained there until the
town of Aussig was occupied by the German army on Sunday,
9 October 1938. - - - - -

On Monday, 10 October 1938, when I entered the factory in the
morning, I was told, like the rest of the employees, by a
German employee of the factory - a certain Pollek, the
manager of the building department of the concern - to line up
for roll-call in the factory yard, in front of the packing-
room, according to instructions from the management of the
concern.

I remember, that at this roll-call the first person to speak
was Dr. Paradisek, the chief engineer of the factory, and
that he was followed by a certain engineer called Neumann,
both of whom I knew personally. I did not know the gentleman
who spoke next; the manager of the department told me after-
wards, that he was the new manager of the enterprise and that
his name was Zwylor.

TRANSLATION OF DOCUMENT NO. NI - 11624
CONT'D.

Third page - - - - -

In their speeches, all three of them welcomed the liberation of the town and the workers by the German army and their remarks were, as far as I remember, purely political. They were an insult to the Czech State and the Czech people and constituted an open and unveiled dissemination of Nazi ideas. Immediately after the end of the roll-call, when the employees were dispersing, German employees assaulted Czech employees and, as I afterwards heard, some Czech employees were taken away and put in the cellars of the salt factory in Aussig/Elbe. The Czech employees were subjected to this insulting treatment and were - more or less - arrested under the eyes of the managers of the enterprise, who took no steps whatsoever for the safety of the Czech employees. - - - - -

Similar exhortations, always with the same goal - i.e. to make propaganda for Nazism - were held regularly once or twice a month. The above-mentioned always spoke, especially the new manager of the concern, Kuzler. The roll-calls were taken during the whole of the period during which I remained in the enterprise - i.e. till 28 February 1939. - - - - -

Those Czech employees of the enterprise who were arrested at the first roll-call were - - - - -

fourth page - - - - -

subjected to interrogation and handed over to the Gestapo or the S.S. groups, according to the results. I do not know exactly what happened to the Czech employees afterwards, as I had no opportunity of contacting them, owing to the police activity in the town. - - -

Mr. Franz K l o c k a stated that he is prepared to confirm his statement before any court at any time. - - - - -

Mr. Franz K l o c k a agrees to any number of copies of this record being given to the Gesellschaft fuer chemische und Elektroerzeugung, National Enterprise, in Prague, at the applicant's expense. - - - - -

This notarial record of the above was made, read by Mr. Franz Klocka, approved by him and signed with his own hand before me, the notary.

- - - - - Franz Klocka (own signature) - - - - -

- - - - - L.S. Dr. A. Kozakova-Jirova (own signature) Notary - - -

The first copy intended for the Gesellschaft fuer chemische und Elektroerzeugung, National Enterprise, in Prague, agrees word for word with the notarial record which was made on one sheet, stamped with a 12-koruna stamp and filed by me under the number 37.562. - - - - -

Notary's Office - - - - -
in Prague II, No. 846, Koruna-Palast, on 16 September 1947.

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TRANSLATION OF DOCUMENT NO. NI - 11624
CONTIN.

Notary's stamp

(signed)

Dr. A. Kozakova - Jirova

Notary.

CERTIFICATE OF TRANSLATION

I, GEORGE S. MARTIN, EP 20074, hereby certify that I am thoroughly conversant with the Czech and German languages and that the above is a true and correct translation of Document No. NI - 11624.

9 October 1947

GEORGE S. MARTIN
EP 20074.

I, EDNA A.M. MACLEOD, NEP 39347, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of Document No. NI - 11624.

10 October 1947

EDNA A.M. MACLEOD
NEP 39347.

(E N D)

TRANSLATION OF DOCUMENT NO. NI - 11624
OFFICE OF U.S. CHIEF OF COUNSEL
FOR WAR CRIMES:

File No. 371562

First page

Copy.

Notarial Record

(Stamp -
8 koruna).

Stamp - 12 Koruna.

Recorded on 16 September 1947 / sixteen September nineteen hundred and fortyseven / through me, Angela Kozakova-Jirova, dr. jur., notary, domiciled in Prague II, No. 946, Koruna-Palast, in my office at the same place.

There appeared before me the person known to me personally and according to his own statement to be Mr. Franz Z l a c k a , employee of the Gesellschaft fuer chemische und Huettenerzeugung (Company for chemical and foundry products), national enterprise, plant at Neradovice, resident at Neradovice No.621, who stated that he was born on 9 January 1892 in Slapanice, district Slany, subject to the jurisdiction of that district, married, of Roman-Catholic religion and that he made this - -

second page - - - - -

- - - - - a f f i d a v i t - - - - -

before me, as notary, of his own free will and without coercion:

I was employed from May 1935 with the Gesellschaft fuer chemische und Huettenerzeugung in Aussig/Elbo, where I had, however, already worked for more than 11 years as employee of the building firm Erlöbich & Lichtenacker, building contractors, in Aussig/Elbo. I worked as factory builder (Fabrika-beamdiator) in the enterprise and remained there until the town of Aussig was occupied by the German army on Sunday, 9 October 1938. - - - - -

On Monday, 10 October 1938, when I entered the factory in the morning, I was told, like the rest of the employees, by a German employee of the factory - a certain Pollak, the manager of the building department of the concern - to line up for roll-call in the factory yard, in front of the packing-room, according to instructions from the management of the concern.

I remember, that at this roll-call the first person to speak was Dr. Paradiser, the chief engineer of the factory, and that he was followed by a certain engineer called Neumann, both of whom I knew personally. I did not know the gentleman who spoke next; the manager of the department told me afterwards, that he was the new manager of the enterprise and that his name was Kufler.

TRANSLATION OF DOCUMENT FO.NI - 11624
CONT'D.

Third page - - - - -

In their speeches, all three of them welcomed the liberation of the town and the workers by the German army and their remarks were, as far as I remember, purely political. They were an insult to the Czech State and the Czech people and constituted an open and unveiled dissemination of Nazi ideas. Immediately after the end of the roll-call, when the employees were dispersing, German employees assaulted Czech employees and, as I afterwards heard, some Czech employees were taken away and put in the cellars of the malt factory in Anasig/Elbe. The Czech employees were subjected to this insulting treatment and were - more or less - arrested under the eyes of the managers of the enterprise, who took no steps whatsoever for the safety of the Czech employees. - - - - -

Similar exhortations, always with the same goal - i.e. to make propaganda for Nazism - were held regularly once or twice a month. The above-mentioned always spoke, especially the new manager of the concern, Kugler. The roll-calls were taken during the whole of the period during which I remained in the enterprise - i.e. till 23 February 1939. - - - - -

These Czech employees of the enterprise who were arrested at the first roll-call were - - - - -

fourth page - - - - -

subjected to interrogation and handed over to the Gestapo or the S.S. groups, according to the results. I do not know exactly what happened to the Czech employees afterwards, as I had no opportunity of contacting them, owing to the police activity in the town. - - -

Mr. Franz K l o c k a stated that he is prepared to confirm his statement before any court at any time. - - - - -

Mr. Franz K l o c k a agrees to any number of copies of this record being given to the Gesellschaft fuer chemische und Huettenerzeugung, National Enterprise, in Prague, at the applicant's expense. - - - - -

This material record of the above was made, read by Mr. Franz Klocka, approved by him and signed with his own hand before me, the notary.

- - - - - Franz Klocka (own signature) - - - - -

- - - - - L.S.Dr. A. Kozakova-Jirova (own signature) Notary - -

The first copy intended for the Gesellschaft fuer chemische und Huettenerzeugung, National Enterprise, in Prague, agrees word for word with the material record which was made on one sheet, stamped with a 12-koruna stamp and filed by me under the number 37.563. - - - - -

Notary's Office - - - - -
in Prague II, No. 845, Koruna-Palast, on 16 September 1947.

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TRANSLATION OF DOCUMENT NO. NI - 11624
CONT'D.

Notary's stamp

(signed)

Dr. A. Kozakova - Jirova

Notary.

CERTIFICATE OF TRANSLATION

I, GEORGE S. MARTIN, BE 20074, hereby certify that I am thoroughly conversant with the Czech and German languages and that the above is a true and correct translation of Document No. NI - 11624.

9 October 1947

GEORGE S. MARTIN
BE 20074.

I, EDNA A.M. MASLOD, NEP 38347, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of Document No. NI - 11624.

10 October 1947

EDNA A.M. MASLOD
NEP 38347.

(E M D)

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Geiger

A F F I D A V I T

I, G. VON SCHITTLER, member of the Vorstand of I.G. Farben-Industrie from 1925 until 1945, after having been warned that I will be liable to punishment for making a false statement herewith state the following under oath of my own free will and without coercion.

1. In the first four paragraphs of my affidavit of 4 March 1947, which I swore to before representatives of the Office of Chief of Counsel for War Crimes, I have stated the true circumstances under which I gave information, by means of statements and interrogations, concerning the I.G. Farbenindustrie and other matters to Allied investigators in 1945. These four paragraphs should also be considered as an introduction to this affidavit. Below I consider further statements or interrogations which I subscribed to during 1945, and which I have been shown and which I

have re-read between 16 February 1947 and the present time. When I subscribed to these statements or interrogations in 1945, the matters to which I subscribed were true to the best of my knowledge and belief at that time. The errors I now find after re-reading these documents are set forth ^{below} after the text of the respective statement or interrogation.

2. Sometime between July and September 1945 I signed a three page statement entitled "Statement re the activity of I.G. abroad in the years 1933-1938", the text of which follows:

"By tradition and following the trend of business I.G.'s general policy was much more directed to the West and Southwest of Europe and to Overseas than to the European East and South-East. All the great problems of chemical development lay in the Anglo-Saxon and the Latin countries, there alone a great literature scientific as well as of a practical nature existed and there alone the competition of great and powerful enterprises was to be met. Of course a substantial export has always been made to the direction of the S.E. countries, for dyestuffs as well as for pharmaceuticals. The succession-status of the former Austr.-Hungarian monarchy was an old field of activity and the same applies to quite a lot of chemical products, - but the idea of industrialisation was far away from the conception of I.G. officials.

The only company in I.G.'s domain which showed an industrial activity in these countries was Dynamit-Frosburg. But Frosburg

Field

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itself as a factory was nearly deserted and only Frossburgs subsidiaries in Austria, Hungary, Roumania and Yugoslavia were better occupied.

It was Hitler who from the very beginning, i.e. from 1933 on, tried to develop the South-East as an annex of Germany's economy and to attach it to the German industrial potential. But how little of this program in the first years has been realized is best shown by the fact that up to 1938 not a single individual project has been taken up by I.G. - In the same time I.G. in the field of dyestuffs and chemical products alone undertook the following in the Western and Southwestern countries of Europe and in America:

Italy: a substantial enlargement of the plants

- 1) of the Asna:
Polyvinylchlorid
new dyestuffs (Vat and Naphtol A.S. range)
accessory products
- 2) Sisnoli
Igepon and other auxiliary products
- 3) Two factories for Buna in cooperation with Pirelli were started
- 4) Solis: a small factory for Magnesium after the electro-thermic procedure
- 5) Lithopone with Montecatini.

France: Licenses given to the Zuhlmann-group in the dyestuffs-field, into the cartel agreement

Licenses given to Ugine in the magnesium field

England: Uni-Lever-contract on Igepon for cleansing purposes (1936)
Magnesium-plant with I.C.I. (1936)
Trafford-Park Chemicals Co. with I.C.I. (1936)

(page 2 of original)

Spain: new plans elaborated for the enlargement of F H C E
(intermediates and dyestuffs in the Azo-Range)

new plans elaborated for the enlargement of Flir
(new electrolyse)

both problems were held up by the civil-war and could be taken up activity only in 1940.

U.S.: Close technical team-work with G.A.F. in the field of dyestuffs, intermediates and Agfa-Photo-products.

Magnesium Co. with Alcoa

License for phosphoric-acid to Monsanto

different licensing agreements with Dupont in the dyestuff- and the plastic-field.

(signed) G v Schnitzler

Latin America:

Although greater plans did not materialize I.G. was strongly impressed by the constant development of "Imperial" and apart of a certain enlargement of 2 small dyestuff-factories in Brazil different smaller industrial enterprises in Argentine, Brazil and Columbia were started.

It must be admitted that I.G. was not very successful with these little factories, but the desire to get industrially a foot down in South-America was strongly advocated by the entire E.A.

All these projects did not demand a substantial capital. The government was most reluctant in granting the permission for the use of foreign currency. We had to finance the share capital, incurring to us by the way of intermediates, machines, ordered in Germany, all kinds of equipment supplied by I.G., prepaid licences and so on. In granting the permission for taking the participations in England (Magnesian plant and Trafford Park) the government undoubtedly wanted to do England a favour; it was the time that Hitler believed England would not hinder him in his plans for the European East. -

But taking the before-mentioned activities altogether one clearly recognizes how strongly I.G. remained on the line of developing a world business in close team-work with their competitors, who in Europe at the same time were their cartel-partners. -

Practically most part of the work of the leading commercial people has been dedicated to that purpose, the domestic business not demanding such an uninterrupted endeavour of the I.G.'s first representatives. The strong trend directed to the South-East only took hold of I.G. after the Anschluss of Austria had been carried through. I.G. if it wanted to keep up its leading position in, what up to then had been its export-business to the S.E.-countries had to take up the manufacturing in the various fields of which formerly has been reported. - It was a policy which to I.G. was proscribed by the government and which inside the I.G. was in no way unanimously accepted. The outbreak of the war stopped these discussions and as

(page 3 of original)

vs. the government had made up its plans on the full use of every industry & possibility in those countries and the demands of the "Vier-Jahres-Plan" expressly included the creation of large scale factories in the newly conquered (Poland, Czech-Slovakia) and the political dependent countries (Hungary) the activity of I.G. abroad became entirely and in the first line directed to these countries.

How far this industrialization will be kept up, will depend on the future economic structure and development of them.

Will they fall back to small units regulating their home-markets in the way as they did it before 1939, most of the factories will be of little use. The size of Auschwitz and Heydebreck as well as of Moosbierbaum and Pressburg is adapted to a great home market. Thus the problem will be to make their production available for the entire East and South-East. Only by following such an economic policy the Buna and Hydrogen-works in Auschwitz, Heydebreck and

Moosbierbaum as well as the Vistra-factory in Pressburg have a chance to survive and to become instruments of a peace-economy to the greater advantage of these countries and to the acquiring of a higher standard of living of their population. Additionally they will need the constant technical help of I.G.'s scientific laboratories as they are not owning appropriate installations within themselves.

(signed) G. VON SCHNITZLER".

This statement still appears to me to be entirely true and correct to the best of my knowledge and belief, except that in the middle of page 2 where I spoke of Hitler's "plans for the European East", I meant "South East" as becomes clear when one reads further in the statement. My thoughts concerning the future developments of the factories of Auschwitz, Heydabrook, Moosbierbaum and Pressburg, as stated in the last two paragraphs of the statement, were given at the special request of the American investigators.

8. On 16 August 1945 I signed a four page statement, the text of which follows :

Beginning with the peaceful conquest of Austria and Czechoslovakia (Sudetenland) and continuing with the military conquest of the remainder of Czechoslovakia, Poland, Norway, Holland, Belgium, and France (with the peaceful conquest of Denmark following in between) and also in regard to the South-eastern countries, it was the primary purpose of the German government to incorporate the economies of these countries to the purposes of Germany. This undoubtedly meant that these countries must work for the German war machine. The principle from the first was "Filler" but that these countries must do it themselves. I remember that Mr. Schlotterer, Ministerialdirigent of the Reichswirtschaftsministerium announced this principle in a meeting of the Reichrat (advisory committee of the Reichsgruppe Industrie) after the conquest of France. I.G. also acted in accordance with this slogan.

The rapid incorporation of the Austrian industry to Goring's 4 years plan was amazing. Based on the water power of Austria which, of course, was relatively expensive, a substantial industry of manufacturing products in the metallurgical field was at once started. There were at least three big enterprises between Vienna and the Czechoslovakian frontier created for the manufacturing of processed goods in the metallurgical field, and I.G. itself was planning in last summer in connection with the Moosbierbaum plant of magnesium to become interested in one of them. 12,000 t of magnesium being projected for Moosbierbaum, that should mostly be converted into finished goods in Austria itself.

Furthermore the oil production in Austria was developed and at a certain time one had hopes that the oil fields in the

(signed) G v Schnitzler

north of Vienna could become a second Pennsylvania with the yield of 6 - 7 million tons of oil. I.G. took certain interest in that field too in the form of participations on which Dr. Bützfisch at once reported in the Vorstand. He can give every detail about it. Later on the excessive hopes did not materialize, and, I think, the Austrian production remained at somewhat at 1 million tons. I.G. in Moosbierbaum did erect a hydrogenation plant which was destined to transform this Austrian oil and eventual oil coming from the Southeast up the Danube into highly octan gasoline for aviation purposes.

In the nitrogen field a plant of 50,000 t N was built up in Linz which was financed in the form of an "Umlage", taken from the producers in accordance with their participation in the turnover of nitrogen.

Still the Austrian industrialization in such a sense was only at the beginning because for the future one expected to get cheap coal from upper Silesia. This, of course, only could be materialized after the construction of the Oder-Donau Canal. In Austria water-power and coal was very expensive because of the high costs of transportation and, of course, the water-power was not yet written off. But for the future one expected that both items for an extensive industrialization would be obtainable at competitive costs to the other German "Industrie-Reviers". The highly skilled Austrian population offered a labor potential which the government had decided to use to its full extent. The contribution of Austria to the war machine was very substantial, more in finished goods than in so-called commodities. Goering became very unpopular in Austria because when delivering there

(page 2 of original)

his first speech in spring 1938, he said: "Now it's over with the "Gedultigkeit" (comfort), you must spit in your hands and go to work," which was resented because in Austria a highly developed finished industry has always been existing.

I.G. took the newly founded Donau-Chemie A.G. as an "overcoat" to buy huge land property in the so-called Tulln field which was a small city about 20 - 30 km up the Danau from Vienna and was excellently situated for industrial development. - Goering-Werke erected iron and steel plants, I think, in Linz which were connected with the nitrogen plant.

In general one always wanted in Austria to have Austrian companies on the spot and that was the reason too that I.G. took Donau-Chemie as an overcoat, but under that overcoat the big manufacturing plants in Moosbierbaum should be run directly and were run directly by I.G., so far for instance the hydrogenation plant and the projected plant of Moosbierbaum, magnesium.

The German industry tried to penetrate and generally did it in the same way as I.G. did it. "Reichsdeutsche" were not popular in Vienna, generally spoken, and it was interesting to observe that most of them had left Austria again when war came to its end.

In Czechoslovakia the private industry in general was not allowed to develop an industrial activity, all the available lignite mines being taken over by Herman Goering Werke, and so was the huge plant in Brüx where more oil was produced than in Leuna. They wanted to achieve 700,000 tons

All of this was done by the Goering works, and this was based on the lignite districts of Brnx and Dux where some 16 - 18 million tons of lignite were mined.

The Skoda works were developed enormously. Hermann Goering Werke took a participation in the Skoda Werke as well. The Czechoslovakian contributions in the direct "Rüstungsindustrie" were very important. Apart of Skoda, Prager Eisen, Ringhoffer, and then the famous iron works near Morava Ostrava in which the Rothschilds held 50% which were also taken over by Goering Werke, did supply an enormous contribution to the war machine.

The way by which these different Nazi governmental instrumentalities like the Goering Werke and the S.S. entered Czechoslovakia's industrial economy, was highly to be blamed - a process materialized practically as a looting of private interest.

I.G. did not participate in this whole process and remained solely on its 50% participation on Chemische Werke Auschwitz. These works developed only modestly because their coal and power basis was too small to allow strong development and apart of that Chemische Fabrik von Heyden was neither willing nor able to make money investments. Goering took everything over for himself so that there was no opportunity of the I.G. technicians to develop anything in Czechoslovakia.

In regard to Poland at first Goering wanted to take everything. He laid hand on the whole mining industry as far as it was not German private property or American one. He did

(page 3 of original)

not want the so-called big industry to be participated. A word is reported of him: "Natürlich die große Krone, die wollen wieder haben, aber daraus wird nichts, und die I.G. bekommt schon gar nichts." But at least things developed in quite another way as I.G. was asked by the government or by Rydzik to start in an enormous industrial development in creating two entirely new works, one in Haydebreck, in an old German territory, that means a territory which was allotted to Germany by the plebiscite in 1921, near the frontier, and the second in Auschwitz between Kattowitz and Krakau on Polish territory. The industrial conditions because of favourable location were so promising that we could not decline the invitation to start new industries in these places. The two biggest items in it were the burn in Auschwitz and then, of course, the hydrogenation in Haydebreck and in Auschwitz. Haydebreck is practically another Oppau.

I have already made a statement regarding I.G.'s taking over of the Polish dyestuff industry.

ed./for
Magnes- Luftwaffe, one through the Reichsgesellschaften called first
ins, Al. NORDAG and later on HANSA Light Metal for Aluminium, and the
a clay. second NORDISCK LEMETALL, a joined factory of I.G., Norsk Hydro,
and Luftwaffe/. The first was given up and never materialized,
ed./the but after having spent hundreds of million marks for the plant,
and of which I.G. was interested, it was destroyed by air raids
one and never came to work.

(signed) G v Schmitzler

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The idea was to use the Norwegian water power which offered still great possibilities, and the clay necessary for the production of aluminium was of Norwegian origin just as well.

In regard to Holland and Belgium there is no doubt that the industries of these countries were also used for the German war machine.

The French contribution to the German war machine was tremendous. First in the agricultural domain; it was said that from France to Germany more cereal products came than from all the eastern territories together. But the industrial performance of France was also very important mostly in such finished articles where not much coal and power were used. In France the contribution of the chemical industry for the aforementioned reason was more or less modest. I would cite especially the tire industry and the motor-car industry, especially the Renault Works, for their tremendous contribution to the German war machine. In the first part of the war textile industry based on important stocks could also give a substantial contribution.

In regard to the South-eastern countries the same principle of the complete accommodation of their industries to the German war machine was aimed. But the industry capacities of those countries being relatively poor, the main concentration was in regard to agricultural products and certain raw materials, like pyrites from Kingdóor in Serbia, and then chrome ore from Bulgaria and Greece, and, of course, oil from Romania.

The different Dynamid-Nobel participations in those countries supplied the axis army with powder and explosives.

(page 4 of original)

Side by side with Germany's tremendous utilization of the industries of the conquered countries for the German war machine there came to be a great German penetration of the economy of the conquered countries largely by such governmental instrumentalities as Goering and the S.S. I.G. played an important part in adapting the economy of the conquered countries to the purposes of the German war machine. Also I.G. acquired companies, increased its participations in other companies, and made important new capital investments in the conquered countries.

(signed) G. von SCHMITZLER "

This statement still appears to me to be entirely true and correct to the best of my knowledge and belief, except that:

(a) In the third paragraph of the first page, "highly octan" should be "high octane". I should add that I am not entirely sure if high octane was really produced in Moosbierbaum.

(b) In the sixth full paragraph of second page, I reproached the Herman Goering Works by stating that the way it entered Czechoslovakian

G. von Schmitzler

Industrial economy materialized practically as a looting of private interest. This was an opinion of mine which is not backed up by information given me by Dr. Paul Fleiger and Dr. Wilhelm Voss, both members of the Vorstand of the Goering Works, while we were confined together during the last year. These gentlemen informed me that the manner in which the Goering Works acquired industrial property in Czechoslovakia was absolutely correct and that they did not do any looting.

(c) At the top of page 3, I stated that "I.G. was asked by the government or by Krauch". In other words I consider Krauch identical with the government in this connection because he did this as head of the "Amt fuer Wirtschaftsausbau", a government position, and not as chairman of I.G.'s Aufsichtsrat.

(d) To the third full paragraph on page 3, I should add that the bauxite for the Norwegian plants had to come from the continent.

(e) To the last paragraph of the statement, the paragraph on page 4, I want to make several points clear. I.G. did not want to take any property away from persons in the occupied countries, but I.G. did invest in the occupied countries on order of the government. When I wrote that "I.G. played an important part in adapting the economy of the conquered countries to the purposes of the German war machine", I did not mean to indicate that that was all deliberately done on our own initiative. It was done on government order.

4. On 11 September 1945, I signed a statement entitled "Statement re other private firms having acquired property in the conquered states", the text of which follows :

"Deutsche Bank in Österreichische Kreditanstalt, Wien
Schweische Unionbank, Prag

F. Fliak: Petschek - lignite - works Prag and Sudetenland

Mr. Berghaus: Leichtmetallwerke Egerau near Wien

Vereinigte Stahlwerke, 50% in Hühler-Stahlwerke, Wien
Schwefeldorf

igned) G v Gmitzler

| | |
|--------------------------------|---|
| Vereinigte Aluminium Werke | Wiener Leichtmetallwerke Wien |
| Chemische Werke Goldschmidt | Chemische Werke Dreibach (Kärnten) |
| Continental Gummi, Hannover | Semperit-Werke, Wien |
| Degussa/Auer | Societe Terres rares (Alsace) |
| 1. Kali-Chemie | Societe Chimique de Thann (Alsace) |
| Chemische Fabrik von Heyden | Chemische Werke Oderberg |
| All German oil-Cies. | in oil fields around Vienna |
| Krupp and Mannesmann | different interests in Czechoslovak and Austria. |

Frankfurt, Sept. 11th, 1945

(Signed) G. von Schnitzler.

Of the before mentioned property

the investment in Gest.Kreditanstalt formerly was with the
Kothschild-group

" " " the lignite - works did belong to Mr. Patschke - Prag

The transaction was made on a private basis with foreign currency

The two Alsatian companies had been seized and were sold to the
purchasing companies by the Civil-service Strasbourg

As far as the other companies are concerned I am not sufficiently
informed, how these transactions have been made.

The oil-concessions near Vienna partly will have been foreign-owned,
Chemische Werke Oderberg must have been Polish possession.

(signed) G. von Schnitzler."

This statement still appears to me to be entirely true and correct to the
best of my knowledge and belief. If I thought the matter over, I might be
able to recollect some additional acquisitions.

6. On 28 July 1945, I signed a one page statement entitled "Donau-
Chemie A.G.", the text of which follows :

"I have very little to say about the past.

Although disposing only of a relatively small volume and
mostly unmodern factories the firm of Skoda-Wetzlar was
an old-established enterprise in Austria. Still there could
not be any doubt about the necessity for I.G. to acquire
these factories, when Austria in 1938 became annexed to
Germany.

(signed) G v Schnitzler

The majority was held by the Wiener Kreditanstalt and this bank succeeded to let I.G. pay a very substantial price for it. - Volume of business and earning capacity never corresponded with that price. But the possession of Donau-Chemie was of invaluable importance for I.G. as a stepping stone for entering in the field of the rapidly increasing industrialization of Austria.

Under the name of the Austrian Co. "Donau-Chemie" we acquired the huge property of H. Bierbaum and started the great installations for sulphuric acid and the new power works.

Furthermore on order of the Luftwaffe we began with the erecting of a magnesium plant of 12,000 tons. And under its own name I.G. itself erected a great factory for the hydrogenation of crude-oil which was successfully working up to all supposed (1) destruction by air-raids.

vs.

In comparison with these great enterprises, of which the magnesium plant of course never came to a start as the Luftwaffe stopped all work on it since summer 1944 the original business of the different old factories of Donau-Chemie played only an inferior role.

(play)
As per in many conventions and united with the sale of I.G.'s chemical products still its value was much higher than the sales-figures did express. - After some years of losses I think in the last 2 years Donau-Chemie could break even.

Frankfurt-on-the-Main, July 28th 1945.

sign. G. von Schnitzler."

This statement still appears to me to be entirely true and correct to the best of my knowledge and belief.

6. On 30 July 1945, both Dr. Max Ilgner, another member of I.G.'s Vorstand, and I signed a record of a joint interrogation concerning the acquisition of the Skoda-Wetzlar company, the text of which follows:

Q. Prior to the Anschluss, when I.G. was negotiating for the acquisition of the Skoda Wetzlar Works, it never knew exactly with whom it was negotiating. Is that right?

A. (Ilgner) No. We negotiated with the Kredit Anstalt.

Q. But you said that you did not know who owned the Kredit Anstalt?

A. I certainly did not know.

Q. So that when you negotiated for the acquisition of the firm you didn't know who owned the firm which you wanted to buy?

A. We negotiated with the Kredit Anstalt in Vienna.

(signed) G v Schnitzler

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- Q. In negotiating with the Kredit Anstalt, didn't you know who owned the Kredit Anstalt?
- A. If I negotiated with the Kredit Anstalt bank in Vienna you must remember it is a very large institution, and I did not know who owned it. And I think it has no importance at all for the negotiations.
- Q. Then how do you know who has the power to sign for the Kredit Anstalt?
- A. The members of the board.
- Q. Who were the members of the board prior to the Anstalt?
1. A. I remember the man I have already mentioned, Mr. Gohm. It might be that Mr. Friedel and Mr. Fritsche were also already directors before the Anschluss, but I am not quite sure on this.
- Q. But after there was a change of ownership in the Kredit Anstalt, you did know who were the owners. Is that right?
- A. Because this was something that was done in the public press. Everybody talked about it, so naturally, it became avid.
- Q. What was the "this" you were talking about which became avid?
- A. That the Reichs Kredit Gesellschaft and the Deutscher Bank stepped into the Kredit Anstalt.
- Q. Didn't the way they stepped in become public information?
- A. No. Because that was negotiations between the Bank and whoever it might be.
- Q. What did you read in the newspapers that caused you to say it became public knowledge?
- A. It was not in the newspapers.
- Q. Where did you hear about this?
- A. In the press.
- Q. Who told you?
- A. I can't tell you.
- Q. Then tell exactly what you heard?
- A. It was information not so precise. I saw it later on myself that the Deutscher Bank and the Reichs Kredit Bank played a role, but when I was asked to enter the board of the Reichs Kredit Gesellschaft I cannot remember whether it was the end of 1938 or later on, I should say that the Reichs Kredit Gesellschaft and the Deutscher Bank were represented by personalities. (At this point of confusion in answer of Ilgner, von Schnitzler at the direction of interrogator translated Ilgner's German for the record as follows).
11. A. It was information not so precise. I saw it later on myself that the Deutscher Bank and the Reichs Kredit Bank played a role, but when I was asked to enter the board of the Reichs Kredit Gesellschaft I cannot remember whether it was the end of 1938 or later on, I should say that the Reichs Kredit Gesellschaft and the Deutscher Bank were represented by personalities. (At this point of confusion in answer of Ilgner, von Schnitzler at the direction of interrogator translated Ilgner's German for the record as follows).
11. A. It was information not so precise. I saw it later on myself that the Deutscher Bank and the Reichs Kredit Bank played a role, but when I was asked to enter the board of the Reichs Kredit Gesellschaft I cannot remember whether it was the end of 1938 or later on, I should say that the Reichs Kredit Gesellschaft and the Deutscher Bank were represented by personalities. (At this point of confusion in answer of Ilgner, von Schnitzler at the direction of interrogator translated Ilgner's German for the record as follows).

(Signed) G v Schnitzler

(page 2 of original)

Mr. Iigner was invited to attend a meeting of the board of the Kredit Anstalt and there he saw representatives of the Reichs Kredit Gesellschaft Bank and the Deutscher Bank, and from that he deduced that these banks had an interest in the Kredit Anstalt of Vienna.

Q. (To Iigner) Did you become a member of the board of the Kredit Anstalt?

A. Yes.

Q. And while you were a member of the board, you never heard any mention nor ever re-read any documents which would have told you how the Deutsche Bank and the Reichs Kredit Gesellschaft acquired ownership of the Kredit Anstalt?

A. No sir, I was never told these questions.

Q. Is it not a fact, Mr. von Schnitzler, that a trustee was appointed for the Kredit Anstalt? And is it not a fact that it was largely a Jewish-owned bank?

A. (von Schnitzler) As far as I could remember, the Kredit Anstalt was always closely connected with the Rothschilds, and I always understood that what the Deutsche Bank acquired in the Kredit Anstalt were the shares belonging to the Rothschild interests. They were always very closely connected, because Louis Rothschild, whom I know very well socially, was president of the Kredit Anstalt.

Q. (To Iigner) Did you know Mr. Iigner, that Mr. Rothschild was president of the Kredit Anstalt?

A. No sir, I really did not know.

Q. Did you ever see any newspaper in which it was stated that the Rothschilds were divested of their interests in the Kredit Anstalt?

A. No. I did not read that.

Q. Did you ever read in any newspaper that Rothschild had an interest in the Kredit Anstalt?

A. No. I do have a recollection that Nikolai acquired the Rothschild interests. Nikolai told me about this personally, when I met him occasionally on the train.

Q. So that to recapitulate, Mr. Iigner, when I.G. was negotiating with the Kredit Anstalt before the Anschluss for the acquisition of the Skoda works, you never learned or inquired as to who owned the Kredit Anstalt? Even after you were invited and attended a board meeting of the Kredit Anstalt after the Anschluss and learned that the Deutsche Bank and the Reichs Kredit Gesellschaft Bank were now the new owners of the Kredit Anstalt, you still did not know or did not try to find out who owned the Kredit Anstalt previously? And even after you accepted a position as a member of the board of the Kredit Anstalt, you had never

(Signed) G. v. Schnitzler

and to this day do not know who formerly owned the Kredit Anstalt Bank. Is that right?

11. A. No sir. You asked me about the interests of the Rothschilds in the Kredit Anstalt, and he was a guest of the Kredit Anstalt. I do know there are some Belgian interests because I met a gentleman from this group in a hunting place in Elzker which belonged to the Kredit Anstalt and he was a guest of the Kredit Anstalt.

(at this point, play back of his dates original questions were put to Mr. Ilmer)

- Q. Was there any mention of Mr. Rothschild in my first question to you in regard to the ownership of the Kredit Anstalt?

A. (Ilmer) No sir. It was later.

- Q. Then why did you not tell us about the Belgian owners the first time?

A. Because you asked me who owned the Kredit Anstalt and owing to my knowledge means who has a majority of interest in a company. I don't remember that the Belgian group was the deciding group. I really do not know in my imagination, that the Kredit Anstalt was owned more or less in the market.

(Schusenig) What I think he may be trying to say is that what was publicly known was that the Rothschild interests had a very large interest in the Kredit Anstalt Bank of Vienna, even under Schusenig.

(page 3 of original)

It was publicly known that the Kredit Anstalt Bank ran into financial difficulties and that in order to prevent the crash, Rothschild gave up his own real estate and landed interests and Schusenig was reproached for allowing Rothschild to do so. I am not certain of all the details of the transaction, but what I have just said is public information, except for the part regarding Rothschild's personal sacrifice. (Ilmer) I want to explain how it was possible that I was not informed that the Rothschild group was the deciding owner of the Kredit Anstalt. I never had any information as to who were the owners of the Kredit Anstalt. When I met the Kredit Anstalt the first time I believe being in the year 1932 together with Wilhelm Roth, he told me about the Skoda Works idea. I met a member of the board who was Defrat. He was Jewish gentleman, together with another man whom I don't remember. But this was only a short visit. Then, I did not see the Kredit Anstalt before 1936 and in the meantime, I was mostly, as a matter of fact outside of Germany. I was in East Asia, then travelled to South America and other continents. In the meantime between 1932 and 1938, I was not in Austria. I was not in particular contact with Austria and when I came the first time to Austria in 1938, the question of whether I.G. was to get the allowance or permit to acquire the Skoda Works was not granted. So that I had nothing particular to do at this time, neither with the Kredit Anstalt or the others, as I was for the reasons stated in Vienna. Because of the troubles we had with the party and then later on the negotiations with the Kredit Anstalt, negotiations had been carried through by Fischer, Gattineau and Lerdin, I believe, in contact with the chemical dept. And then after the shares of the

(end) G v Schmitzler

Skoda Works were bought, it was agreed that the new company the Donau Chemie in which the Skoda Works was merged, should have the Kredit Anstalt as the leading banking contact. A representative of the Kredit Anstalt, Mr. Pfeifer was invited to enter the board of the Donau Chemie, and I was asked to enter the board of the Kredit Anstalt, when I came for the first time to a board meeting of the Kredit Anstalt, I met already representatives of the Reichs Anstalt, Gesellschaft and the Deutsche Bank, and in this way found proof of what I had heard before, that the Reichs Kredit Gesellschaft and Deutsche Banks had entered the Kredit Anstalt. I can swear I don't know more. It may sound ridiculous, but I don't know, and I can certainly state that never in the board meetings of the Kredit Anstalt, when I was present, was there any talk about who acquired from whom?

Q. What one person invited you to join the board?

II. A. I believe it was Mr. Fischbögg. Later, a letter must have been sent to my office and my secretary showed me the letter. I was ill at that time. I believe it a letter written by Mr. Fischbögg who, well, I am not sure on this, but I think it was sent to my office, but I was not definitely sure.

Q. Do you remember seeing the letter?

A. I can only say what I remember, I think it was reported orally to me by my assistants or by my secretary.

Q. How did they report it to you? Did they read it to you?

A. I think I was asked to enter the board of the Kredit Anstalt, and I think I said then they must ask the permission of Dr. Schmitz, as nobody was allowed to enter the board of another company without the consent of the President, Mr. Schmitz, and I got the information that Mr. Schmitz had agreed.

Q. Did you speak to Mr. Schmitz about this?

A. I think later on, when I came back. Yes.

Q. Did you have any idea that the Kredit Anstalt was partly Jewish owned?

A. (Eignar) Yes, it was partly Jewish.

Q. Did you ever inquire or find out what happened in regard to the Jewish shareholders of the firm?

A. No.

I have read the record of this interrogation and swear that the answers therein given by me to the questions of Mr. Weisbrodt and Mr. Davins are true.

M. ILGNAR
(Signature)

(signed) G. von Schnitzler."

In this interrogation Dr. Ilgnar was principally being questioned.

I assisted principally by translating or summarizing for him at one or

(signed) G v Schnitzler

two points. However, the answers I gave still appear to me to be true and correct to the best of my knowledge and belief.

7. On 8 August 1946, I signed a one page record of an interrogation concerning the Skoda-Wetzler company, the text of which follows :

Q. What was the importance of the Skoda Wetzler Works to I.G.?

A. It was the only factory producing chemicals in Austria. It made such ordinary chemicals as acetic acid, bleaching powder for cleaning oil, super-phosphates and carbide.

Q. So, in acquiring Skoda Wetzler Works, I.G. controlled the chemical industry in Austria.

A. Yes. It must be explained that the Dynamit Pressburg which was a subsidiary of Dynamit Troisdorf, which in turn was controlled by I.G., also had an interest in the chemical industry of Austria. However, Donau Chemie was a one hundred percent I.G. concern, and Dynamite turned over two of its factories to the Donau Chemie, and as a result, Dynamite interests in the chemical field of Austria became very small.

Q. From whom did I.G. acquire the Skoda Wetzler works?

A. It acquired them from the Deutsche Kredit Anstalt Bank.

Q. Now, prior to the Anschluss, who had the controlling interest in the Deutsche Kredit Anstalt Bank?

A. The Rothschilds were the decisive influence in the bank. I don't know whether or not they owned more than 50% however, because a lot of shares were bearer shares on the market.

Q. How did the Deutsche Bank and the German Kredit Anstalt Bank acquire the Rothschild interest in the Deutsche Kredit Anstalt?

A. That I don't know.

Q. Have you any thoughts on the Subject?

A. Yes.

Q. Do you think that the Nazi Government confiscated the Rothschild interest in the Bank?

A. I presume that is so.

Q. Do you think that the Deutsche Bank and the Reichs Kredit Anstalt Bank then purchased it or acquired it by some way or in some manner from the Nazi govt.?

A. Yes, I think so. From whom else could they have gotten it? I conclude from this that I.G. acquired the Skoda Wetzler Works from the Deutsche Bank and the Reichs Kredit Anstalt Bank, which

(signed) G v Schmitzler

had acquired the Skoda Wetzlar Works by participating with the Nazi Government, in a theft of the property.

I have read the record of this interrogation and swear that the answers therein given by me to the questions of Mr. Weissbrodt and Mr. Devine are true.

G. von Schnitzler
Signature

Vorstandsmitglied I.G. Farben-
industrie Aktiengesellschaft
(Position in I.G. Farben)

The answers I gave in this record of interrogation still appear to me to be entirely true and correct to the best of my knowledge and belief, except that I now desire to make the following additions or corrections:

(a) In the first line "acetic acid" should be "sulphuric acid".

(b) In the last answer I subscribed to the statement that the Reichs Kredit Gesellschaft and the Deutsche Bank had acquired the Skoda Wetzlar Works by participating with the Nazi government in a theft of the property. I intended to discuss the conclusion expressed in the word "theft" with the American investigators with a view to correcting this conclusion, but I forgot to revert to it thereafter. I know, of course, that Lewis Rothschild had been president of the Oesterreichische Kredit Anstalt, that the Rothschilds were closely connected with the Oesterreichische Kredit Anstalt, and that Jewish interests in Austrian economy were eliminated by the Nazi government as they had been in German economy. Moreover, I know that the Oesterreichische Kredit Anstalt had the controlling interest in the Skoda Wetzlar Company. However, I did not know and do not know any details concerning how the new management of the Oesterreichische Kredit Anstalt was changed by the Nazi government, the Deutsche Bank or the Reichs Kredit Gesellschaft. Whether or to what extent the Rothschilds were compensated I do not know even now. Therefore, it was an error for me to subscribe

(signed) G. v. Schnitzler

to the conclusion that the transaction was a theft. Moreover, in acquiring Skoda-Wetzlar, I.G. dealt directly with the Oesterreichische Kredit Anstalt after the new management had been established and I.G. had nothing to do with changing the management. If a German concern had refused to do business with any firm where Jewish shares had been taken away, it usually could have done no business at all. I.G. actually paid relatively more in acquiring Skoda-Wetzlar than the amount for which the Oesterreichische Kredit Anstalt had offered to sell to I.G. before the Anschluss.

8. On 5 July 1948, I made a statement entitled "Short statement re acquisition of Aussig-Falkenau", the text of which follows :

"When it became evident that the Sudetenland would be turned over to Germany in the autumn days of 1938, I.G. approached the Reichswirtschaftsministerium with the proposal that Dr. Bugler should be appointed commissioner for the two factories of Aussig and Falkenau - including their three affiliated lignite - mines - all belonging to the Prager

(signed) G v Schnitzler

Verein. The reason for this notice was the following. - It had penetrated that party-circles behind which Konrad Henlein, the party-leader of NSDAP in Sudetenland was supposed to stand, felt the strong desire to terminate such a commissioner on their own account to be taken from their own confidential men.

Incidentally this later on proved to be a man whose relations to the party were not at all as intimate as it seemed to be at first sight - it was Dr. Brunner, Falkenau, a director of the Prager Verein, who in the first line was a mining engineer and had very little knowledge of chemistry. Still the support for him was strong enough that in the first move he and Eugler were nominated joint commissioners. But Brunner noted, as far as I can recollect, only a very short time. Konrad Henlein seemed to have refused him his agreement and as nobody had objected to Dr. Eugler the latter one remained the only commissioner. - Independently of this action Chemische Fabrik von Heyden in Dresden, Radeboul, had succeeded in getting a first claim from Reichswirtschaftsministerium to negotiate with the Prager Verein about the acquisition of the two works and through Dresdner Bank, which on the one hand had a great influence on v. Heyden, two directors of Dresdner Bank being members of the Aufsichtsrat of v. Heyden, and on the other hand was on very friendly terms with the Zivnostenska Banka, Prag, which practically controlled the Prager Verein - a certain connection between Dresden and Prag had yet been established. When I came to see the man in charge of the Chemical Dept. of Reichswirtschaftsministerium, Dr. Neubert, he only could give me the suggestion to take up the matter with v. Heyden.

Thus together with Dr. ter Meer I did approach Mr. Jungel, Chairman of the Vorstand of v. Heyden, and made him the proposal that v. Heyden - I.G. should jointly acquire the two Mototive taking them over in the only fair partnership of 50:50 and that the new company to be created should let on lease the dyestuff-department to I.G. on a long term lease.

(page 2 of original)

On this general line an agreement was in a short time reached which, of course, took many months to bring into the appropriate legal form. But already on November 7th Dr. Basch, chairman of the board of directors of Verein and Dr. Dovernak, general director of Zivno-Bank came to Berlin to negotiate with the group I.G./v. Heyden the sale of the two works, the Dresdner Bank acting as friendly intermediary and at the same time as host.

Seldom a great international economic agreement containing so many clauses and covering so many domains has been concluded so speedily as this. In one day the agreement in principle was reached and the lump sum was fixed. In the thirty following days all clauses were prepared and in another 2 days negotiations in Berlin about December 7th, the agreement and all its by-laws were signed. The works were acquired on a basis which provided for a payment of 1 crown technique for every crown of turnover made by the

two works. This turnover should only include the business made in Germany and Sudetenland which in round figures was evaluated at some 280 million crown p.a., the remaining 100 million which mainly consisted of business made in the remaining Tschecho-Slovakia - the so-called second republic - should remain with the Verein. The Verein reserved himself the right to continue this business - or from his remaining works in Hruschau, Handlow and Nowky and/or to buy the necessary products from Aussig and Falkenau - at economic prices as long as his own remaining and the proposed new factories were not yet capable to take over that business out of their own production. - Together with land and mines the total selling price was handed out at 280 million crowns today which corresponded at the rate of 10:1 to 28 million Marks, at the rate of 8:1 to 22,4 million Marks. To this question of exchange I shall revert again in a more particular statement.

The Verein, of which, as said before, the majority was pooled at the Zivno-Bank, the Bank itself and their friends owing about 45 - 48 % and Solvays 6 - 8 % had a large range of products, and this range should be kept up, notwithstanding that the 2 main works were being sold out. The Verein furthermore should not suffer in its independency by being cut off from these two works.

Not only should the Verein be entitled to rebuild new factories corresponding to Aussig and Falkenau in his own country, but Aussig and Falkenau had for several years to give the Verein an efficient help and protect the Verein's business.

(page 3 of original)

In a by-law I.G. and Verein signed jointly a document providing for the continuance of their close and friendly relations.

This latter agreement was being uninterruptedly executed up to the very last months. The undersigned once together with Dr. Huger and a second time furthermore accompanied by Heber-Androsch v. Helder and Eugler visited Prag in November 1940 and in February 1943 and last time a final agreement was reached. -

The discussions both times had a purely economic basis - minutes in Frankfurt available.

July 5th, 1945.

signed: G. von Schnitzler.

PS. The main interest of I.G. in the whole problem was the dyestuff-question. I.G. could not and would not let the factory of Aussig go over to a third party which would be acquiring it with a strong foothold in this domain.

signed) G v Schnitzler

This statement still appears to me to be true and correct to the best of my knowledge and belief, except that:

(a) In paragraph one of page one, tenth line, there is a typographical error - "to terminate" should be "to delegate".

(b) In paragraph two, page one, next to last line, "Dr. Neubert" should be "Mr. Mulert".

(c) On page two, third paragraph, third line, "owing about" should be "owning about". The typist misread my longhand writing and hence made the above errors in typing the statement.

(d) Concerning the postscript on page three, I think this the most interesting part in that it shows that I.G.'s main interest was in the dyestuff question. As soon as the Aussig dyestuff plant became a part of the German economic sphere, I.G. became active to control the Aussig-Falkenau plant because it did not want a dyestuff competitor in the German economic sphere, having always controlled dyestuff production in Germany.

6. On 14 September 1945, I signed a two page statement entitled "Short statement re personalities having handled the transactions Soruta and Aussig-Falkenau", the text of which follows:

vs. "The Soruta was sold to I.G. by Treuhandstelle Ost. Head of Treuhandstelle Ost was Mr. Winkler, former mayor of a town in the Prussian Province Posen, I believe it was ~~SOLETT~~ or Bromberg, which became Polish in 1919. - Mr. Winkler acted under Bruning and Stresemann as financial expert for German banking interests in Holland, Poland a-s-o. Later on he also became trustee for state-owned companies in Germany. - In connection with the Soruta-transaction I saw him only once, when Dr. Herle, the head of the industrial department of Treuhandstelle and I jointly presented the case to him.

Dr. Herle, formerly Geschäftsführer of Reichsverband der Deutschen Industrie had been dismissed from his post in 1933 and replaced by Dr. Gth. Dr. Herle later on became connected with Vasag.

Both men and their subordinates whose names I have forgotten acted as trustees of the Reich and tried to get the best possible price. On the other hand I.G. had no interest in cutting the price down as I.G. feared nothing more as to be reproached for having deliberately made a bargain.

signed) G v Schmitzler

Mr. Greiffelt was the head of the Amt für Befestigung des Deutschen Volkstums. - As Lutz and Zgierz, the latter being practically a suburb of Lutz were incorporated in the so-called "Anlage" the Amt für Befestigung had to give its approval to every transfer of real estate property including all factories.

There were two competitors in the field, favoured with strong party-relations, in order to evince them, it was necessary to explain to Greiffelt personally, that a dyestuff-factory could only be run by experts and that these experts only were to be found with I.G. No grossing the palm with all the 3 men took place.

As to the two directors of Dresdner Bank who became active in the purchase of Aussig-Falkenberg the following may be said. Mr. Rasche came from a smaller bank in Rhineland-Westphalia and was considered to be closely attached to Mr. Keppler and his circle. He had not to deal in particular with the case of Aussig-Falkenberg - but only in a general way with the relations to Zirmostenka-Bank and probably to other banks as well.

Mr. Zinsner on the contrary came from the very bottom of Dresdner Bank and had made his career solely by his intelligence and his industry.

(page 2 of original)

Though relatively young he played a prominent roll on the board of supervision of Chemische Fabrik v. Heyden and enjoyed the full confidence of Mr. Jungel, chairman of v. Heyden.

With both men "grossing" was out of question.

Frankfurt, Sept. 14th 1945.

(signed) G. von Schnitzler.

This statement still appears to me to be entirely true and correct to the best of my knowledge and belief, except that there is a typographical error in the first line of page two where "he played" should be "he played".

7. On 11 September 1945, I signed a one page statement entitled "Statement re. Aussig-Falkenberg and Horuba", the text of which follows:

"The officials of the German Government, who authorized the acquisition of Aussig-Falkenberg have been:

Staatssekretär Briekmann
gotten crazy in the mean-time
Ministerialdirektor Seelottner
Ministerialdirigent Walbert) department "Chemie"
Oberregierungsrat Hoffmann)
all of Reichswirtschaftsministerium.

The directors of Dresdner Bank, having dealt with the question, have been:

(signed) G. v. Schnitzler

Mr. Rasche
" Zinsner (member of the Board of supervision
of Chemische von Heyden).

The negotiators for Verein have been

Mr. Basch, Generaldirektor of "Verein"
" Dvorzsek, " " Zivnostenska Banka.

The authority for the acquisition of Boruta has been given
by Reichswirtschaftsministerium:

Ministerialdirektor Schlotterer
Ministerialdirigent Mulert
Oberregierungsrat Hoffmann

by Treuhandstelle Ost, who negotiated for the government

Dr. Winkler, head of Treuhandstelle
Dr. Horle, " " industrial department of
Treuhandstelle

by "Amt für Befestigung des Deutschen Volkstums"

Mr. Graefelt.

Frankfurt, Sept. 11th, 1945.

(signed) G. von Schnitzler."

This statement still appears to me to be entirely true and correct to
the best of my knowledge and belief.

11. On 8 August 1945, I signed a two page record of interrogation
concerning the Aussig-Falkenau Company, the text of which follows:

"Q. Prior to the German occupation of the Sudetenland, who owned
the Aussig-Falkenau?

A. The so-called Aussiger or Prager Verein.

Q. What was the Prager Verein?

A. This is one of the oldest chemical establishments practically
as old as the great mother companies of I.G.

Q. Can you give us some idea of the ownership of this company?

A. The Prager Verein is controlled by a majority group of the
Zivnostenska Bank and Solvay, the Belgium group, and they had
together about 54 percent ownership.

Q. Did I.G. have an interest in this concern?

A. Formerly, no. We bought later a certain amount of shares, a
vs. little ~~less~~ than two percent.

(signed) G v Schnitzler

- Q. When did you buy them?
- A. We started to buy after the agreement.
- Q. About what date was this?
- A. In the year 1939.
- Q. Now, when the German troops occupied Sudetenland what happened to the Aussig-Falkenau?
- A. There were two commissars, Dr. Kugler of I.G., and Herr Brunner.
- Q. When did I.G. begin negotiations with the Prager Verein for the purchase of the Aussig-Falkenau?
- A. The seventh of November, 1938.
- Q. How were negotiations for the purchase of the Aussig-Falkenau factories from the Prager Verein begun?
- A. The negotiations were made through the Dresdner Bank represented by Rasche and Zinser.
- Q. Was the Prager-Verein informed that it would have to sell the property?
- A. Yes. The Dresdner Bank insisted that the Zivnosdenka Bank exercise its controlling influence in the Prager-Verein, to get the Prager-Verein to sell the Aussig-Falkenau.
- Q. What interest did the Dresdner Bank have in the transaction?
- A. The Dresdner Bank is in close relations with the Chemische Von Heyden and Dr. Zinsler is on the Aufsichtsrat of Chemische Von Heyden, and Chemische Von Heyden received first claim from the Nazi government to deal with the Prager-Verein.
- vs. Q. So that, in effect you would say that the Zivnosdenka Bank was compelled to exercise its controlling influence in the Prager-Verein to get the Prager-Verein to sell the Aussig-Falkenau?

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- A. I would rather say "induced".
- Q. Now, how do you distinguish between inducing and compelling?
- A. The Dresdner Bank convinced the Zivnosdenka Bank that they could not handle or manage two factories which were in wholly German territory.
- Q. If the Zivnosdenka Bank had refused to do what the Dresdner Bank convinced it to do, what measures would have been taken?
- A. It would be difficult for me to say but no doubt the German government would have sequestered the property and installed commissars to manage it on a permanent basis.
- Q. Were the Aussig-Falkenau factories important chemical and dyestuffs producers?

(signed) G v Schmitzler

A. Yes, I would say so.

Q. Can you give us some estimate of their size?

78. A. At the time when we bought the works, they had a turnover of about two hundred million crowns in Sudetenland and one hundred million crowns in the remaining Czechoslovakian territory. The textile industry was mostly in the German part. In the Czechoslovakian part was the so-called chemical and heavy industry.

Q. In regard to the dyestuffs industry what agreement was made between Chemische Von Heyden and I.G.?

A. We acquired the works jointly on a fifty-fifty basis, and then the newly formed fifty-fifty-basis company Chemische Von Heyden leased the dyestuffs factories to I.G.

"I have read the record of this interrogation and swear that the answers therein given by me to the questions of Mr. Weisbrodt and Mr. Devine are true".

G. von Schnitzler
Signature "

The statements recorded in this record of interrogation still appear to

me to be entirely true and correct to the best of my knowledge and belief.

79. In my last answer the three words "Chemische von Heyden" should be struck

12. On 12 August 1945, I signed a one page statement "To the

attention of Mr. Weisbrodt", entitled "Additional statement re Aussig and Weln", the text of which follows:

1.) It might be interesting to know how I.G. has acquired the shares of the "Verein" of which I reported in the hearing re Aussig-Falkenberg.

Shareholders of the Verein residing in the Sudetenland had objected to the Reichswirtschafts-Ministerium that their interests could be damaged insofar as Verein eventually could or would not be transferrable. Thus Reichswirtschafts-Ministerium decided that v. Heyden and I.G. had to exchange eventual shares of Verein belonging to such people against shares of v. Heyden or I.G. at a fixed relation I can't recollect any more in its value. Nearly all Sudetendeutsche shareholders who made use of this authorization did choose I.G. shares, only a small amount was exchanged against shares of v. Heyden. As v. Heyden had no interest to keep those few shares of "Verein", I.G. took over the whole block. These together with small amounts bought by Dresdner Bank made together less than 2% of the Prager Verein.

2.) Weln.

I must correct former statements as far as the plant of Weln is concerned. This plant was not taken over by I.G. in the Beratz settlement, but being situated in the "general government" this latter at the end of 1945 sold it to a competitor unknown to me. Of course the liquid assets and

(signed) G. v. Schnitzler

the liabilities had been dealt with beforehand by the "Kommission". How far raw materials and equipment have been taken over by Boruta, I am unable to say. Mr. Schwab will know all the details.

August 12, 1946.

signed: G. von Schnitzler."

Should or would not pay a dividend or that this dividend "

This statement still appears to me to be entirely true and correct to the best of my knowledge and belief. The insert mark "f" should have been inserted three lines higher after the word "eventually".

13. On 19 August 1946, I signed a two page statement entitled "Statement re Prager Verein, the text of which follows :

"In the following I try to recollect the happenings of the summer of 1938 which preceded the annex of the Sudetenland.

The recollection creates a certain difficulty, because my memory of them is completely overshadowed by the negotiations regarding the acquisition of Aussig and Falkenau.

It had been for years customary that the cartel-meetings of the so-called 4 party cartel were held at the following dates:

| | |
|------------|-------------------------|
| March: | Paris - 3 party-cartel |
| | London - 4 party-cartel |
| June: | Basle |
| September: | Paris |
| December: | Frankfurt. |

Thus, I am certain, that in June 1938 we met in Basle and I am also certain, that the question of the relations to the Verein were on the minutes. Also I believe that as an annex to the cartel-meeting we had a meeting - the last one - of the 3 party-cartel with the management of the Verein. However it was, in the month of June 1938 in Basle there could not be any question of talking about plans, which only much later materialized. - The relations to the Verein at that time were absolutely normal. In July only the crisis about the Sudetenland which glowed under the surface, became acute and it became evident that Hitler planned for the annex of Sudetenland. Shortly afterwards the British government sent Lord Runciman to Czech-Slovakia to study the conditions existing there and to prepare a compromissary solution.

Since then it was inevitable that the future of the two factories in Aussig and Falkenau being situated in an entirely German territory became a problem and the standpoint inside the management of I.G. was, that if ever a change in the political status should happen, I.G. must take an interest in those two factories as, the importance of the dyestuff-factory in Aussig being closely connected with the rest of the factory complex, that not a third party could get the control over it.

It could not be foreseen, what the issue of the political negotiations would be, thus definite plans could not be fixed. -

signed) G v Schnitzler

I.G.'s first interest was to acquire a first right of refusal in the case Aussig would come into German hands, that she was entitled to deal about the question of the future of these factories whatever might happen. In this order of ideas as a first step the proposition has been made, that Dr. Wurstler for the technical and Dr. Kugler for the commercial side should be appointed as

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"Kommissare", who should take over the management of the two factories as soon as the territorial question was solved. In the meantime the "Sudetendeutsche Partei" had been active in Berlin and at the end of September I was informed by Dr. Wurstler, that in Reichenberg one had the desire that at least one of the Kommissars should be a "Sudetendeutscher". A young employee of I.G., whose name I don't remember, but who is known to Dr. Kugler, brought a Dr. Fichter from Reichenberg to us in the Hotel Adlon and there we got the news that the candidate of the Sudetendeutsche Partei in Reichenberg was a Dr. Brunner, technical director of the Verein's factory in Falkenau. Although we did not know Dr. Brunner, we had no objection to oppose to his candidature and the issue was that the ministry appointed Dr. Kugler and Dr. Brunner jointly as Kommissars. Dr. Brunner of course acted only a very short time, there arose a strong opposition against him out of the works in Falkenau and he was compelled to resign as Kommissar. - Later on the Chemische Werke Aussig-Falkenau took him over to Aussig as head of the mines as by profession he was an engineer.

Apart of the question of the nomination of the "Kommissare" it was taken up with the Reichswirtschafts-Ministerium under what conditions and with whom I.G. could take up negotiations for the acquisition of the two factories - always under the heading, that I.G. alone was able to run the Dyestuff-factory and that this dyestuff-factory was interconnected in such a way with the rest of the Aussig works that a separation was impossible. We learned from Dr. Wurstler that Chemische v. Hayden had succeeded in getting the first claim to such negotiations and that we had to address ourselves to them. -

What followed afterwards is known by former statements and interrogations.

Frankfurt, Aug. 19th 1945.

(signed) G. von Schnitzler."

This statement still appears to me to be entirely true and correct to the best of my knowledge and belief

14. I have carefully read each of the 27 pages of this declaration and have placed my signature at the bottom of each page. I have made the necessary corrections in my own handwriting and initialled each correction in the margin of the page. I declare herewith under

(signed) G v Schnitzler

oath that I have stated the full truth to the best of my knowledge and belief.

(signed) Georg von Schnitzler
GEO G VON SCHNITZLER

to and signed before me this 10th day of March 1947, at the
Palace of Justice in Nurnberg, Germany, by Georg von Schnitzler, known to
me to be the person making the above affidavit.

Isidore Samuel A. Speecher
ISIDORE A. SPEECHER

U. S. Civilian, Attorney, AGO No. 473300
Office of Chief of Counsel for War Crimes

CERTIFICATE

I, EUGA E. UIRBALL, AGO D 150096, do hereby certify that the above is a true and correct copy of document No. NI 5194, the original of which is in the English language.

Dated: 26 February 1947

EUGA E. UIRBALL
U.S. Civ. D 150096

E.U.

affidavit.

I, JAN DORACEK, technical engineer, born 12 November 1887 in Lohovice, Oberdirektor of the Dvyno Bank in Prague, retired, after having been duly warned that I make myself liable to punishment if I make a false statement, herewith declare under oath voluntarily and without duress:

1) At the time of the Munich agreement (30 September 1938) I was leading chief manager (Oberdirektor) of the Dvyno Bank. In this capacity I was a member of the Verwaltungsrat, - I was vice-president of the Verein fuer chemische und metallurgische Produktion in Prague (association for chemical and metallurgic production in Prague) ("Verein").

2) The "Verein" was a corporation. Of the two important stockholder groups, the one was represented by the Dvyno Bank, the other by the Solvay company in Brussels. Dr. JAKOBLAUS REISA was the chairman of the Verwaltungsrat of the "Verein" in his capacity of chairman of the Verwaltungsrat of the Dvyno Bank in Prague. Dr. Antonin BABA was director general of the "Verein"; I was in constant contact with him.

3) Before Munich Farben and the "Verein" competed with one another. In some fields, especially in that of dyes, there existed cartel agreements. I do not know the details since they belonged to the competence of Dr. BABA. But I know from reports of the Direction that Farben and "Verein" frequently had great disputes. We guarded our independence with greatest care. This does not only apply to Czechoslovakia but also to our numerous foreign participations.

4) The business policy of the "Verein" before Munich was not to sell any factories but, on the contrary, to acquire and to build new factories. Without the pressure of the occupation a sale would never have been a possibility. This applies especially to the main works Auszig and Falkenau which represented about three quarters of the turnover at that time.

5) Immediately after the occupation of the Sudetenland by the German troops an interim administration (Kommisarische Verwaltung) was formed on both our factories situated in the Sudetenland - Auszig and Falkenau. The Farben director KUGLER from Frankfurt/Main became interim administrator (Kommissar). It was not without a reason

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that a dye specialist had been selected for this office; since especially in the field of dye the "Verein" had been a troublesome competitor to Farben. At the moment the Sudetenland was deprived of the central office of the "Verein" in Prague was deprived of every possibility of influencing its factories at Aussig and Falkenau. The leading Czech officials of the factories were immediately removed; they had to leave the Sudetenland just as did the greatest part of the Czech employees and workers of those factories. Thus the situation arose which was unbearable for the "Verein", that it continued to be liable for the factories, but was deprived of any possibility of influencing their business management.

5) With the least occupation of Austria it had already been my experience that they sought enterprises of the occupied territory into the hands of German firms with which they had close connections, as socially banks and large industries of the occupied territories. For this purpose the Nazi regime led the occupied enterprises through general political measures into such a situation and put them under such a pressure that they then either up to that time could not continue to operate, the enterprise had to look for a way out. Under such circumstances one could not speak of a free decision. The purchaser's person and the terms of the sale were subject to the approval of the German authorities. There was no prospect whatever for sales negotiations with persons or corporations which had not been approved in advance by the German authorities. This situation was exploited by financial or industrial major enterprises closely connected with the Nazi regime by taking possession of desirable enterprises through so-called "voluntary" contracts. As a rule one cannot say that there were voluntary agreements in the case of any of these "contracts" by which a non-German enterprise in the occupied territory passed over into German hands.

7) After the occupation of the Sudetenland in October 1938 the "Verein" was in this desperate situation with its Aussig and Falkenau factories. The management of the "Verein" was out of touch with every personnel and written intercourse with the factories at Aussig and Falkenau. Whoever could have managed the factories in the name of the "Verein" had been forcibly removed. The "Verein" thus had no possibility of keeping the factories without assuming immeasurable risks. In this connection the "Verein" believed

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that it had at least avoided the worst by having shifted its principle of ice from Aussig to Prague as early as in June 1937. If the principle office had remained in Aussig the "Verein" would have become a corporation in German law after the occupation of the Sudetenland which would at one blow have given the Third Reich a decisive influence in the chemical industry of South-East Europe. Nevertheless the danger existed that after the occupation of the Sudetenland in the politically tense atmosphere at that time the retransfer of the principle office of the "Verein" to Aussig could be enforced by way of politics. Such a danger would especially have existed if the Germans had been able to construct a cause for such a demand in connection with the Aussig and Falkenau factories situated in the Sudeten territory. The "Verein" would then have lost not only these two factories but also numerous works of the entire Konzern in South-East Europe. Apart from all other reasons which I described it was, above all, this consideration which forced the "Verein" under the pressure of the situation to avoid open conflicts about the Aussig and Falkenau factories and to look for a way out.

6) The "Verein" therefore made every effort to find a halfway acceptable way out. Dr. RAJSD had for a long time known Dr. MULLER, the Generaldirektor of the Eastgerwerke in Berlin. He entered into discussions with Dr. MULLER which became so concrete that the hope existed of safeguarding the interests of the "Verein" for the future in the case of a sale of the Aussig and Falkenau works to Eastgera. The Reich Ministry of Economics had made Dr. MULLER believe that it would approve of the transactions. I remember having participated in a meeting in Prague at which Dr. RAJSD and Dr. MULLER discussed the transaction. I no longer remember the exact date; it must, however, have been in October or November 1938.

7) Shortly after this agreement in principle had been reached with the firm of Eastgera, Herr SIMONEK, Manager of the Dresdner Bank in Berlin, appeared in my office rooms in the City-Bank. I had already come to know him from our negotiations on the cessation of our Austrian branch establishments.

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after the Nazis had occupied Austria, HUSSER was outwardly extremely polite. As was always the case at "negotiations" between HUSSER and myself, he talked (inserted handwritten word: "almost") exclusively, whereas I listened.

10) The appearance of the Vorstand member of the Dresdner Bank left no doubt about the fact that for achieving its goal Furber had obtained the support of the Dresdner Bank of whose intimate relations to the Nazi regime we already knew. The penetrating eloquence and obtrusive outward friendliness of Director HUSSER who at the same time was vice president of the firm of Heyden could not conceal Furber's greedy thirst for power. On the contrary it only made it the more distinct. Naturally in the situation of duress at that time we could not tell him what we thought about these cunning methods of violence. Among ourselves we, however, discussed the method applied with greatest cooperation. In our intercourse with Director HUSSER we were cool and objective. With an outward politeness we told him what we thought would serve the purpose and be practicable in our difficult cooperative struggle. During that horrible time we were in a position below the dignity of free human beings; we could not say distinctly what we thought.

11) I definitely remember that Herr HUSSER during the first conversation had already mentioned the sale of works to Furber. Whether he already at that time also mentioned von Heyden or only later introduced it as joint purchaser, I can no longer say exactly. At the first conversation I answered that the "Ferein" already had other obligations. He, however, told me the permit referred to was purchased by Furber.

12) After I had discussed the matter with Dr. PAHLE and Dr. BACH I told HUSSER how far our negotiations with Augustore had already developed; I had some hope that he would thereupon give up his efforts to acquire the works for Furber. But HUSSER insisted that only Furber had the permission to purchase. We ourselves were naturally not in a position to know what was going on in the Reich Ministry of Economics in Berlin.

13) While HUSSER refrained from plain threats, he yet quite distinctly referred to the powerful position of the combination of Furber - Dresdner Bank. He left no doubt about it that only Furber

TRANSLATION OF DOCUMENT No. 11-8-32
CONTINUED

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would succeed in gaining the permission of the Reich Ministry of Economics. In the beginning we tried to protract the negotiations since we still hoped Dr. MUELLER from Augsburg might perhaps be in a position to induce the Reich Ministry of Economics to permit the sale to his firm. When, however, his efforts had failed it was of no decisive importance for us whether the unavoidable - the "sale" to Farben on Hayden - occurred a few days earlier or later. Farben, however, wanted to dispatch it as quickly as possible.

14) The negotiations about the terms of the sale took place in Berlin. Farben was represented by about 15 persons, among them, as far as I remember von SCHMIDLER, ILGNER and KUEHL. The "Verein" was merely represented by Dr. RASCH, (handwritten: Dr. Hertinek) and myself. The (handwritten: main burden of the) negotiations, insofar as this word may be used in this connection, was conducted (crossed out) (handwritten: rested) on our part (handwritten: on) Dr. RASCH, who behaved admirably in view of the strong pressure and the hopelessness of his (crossed out) (handwritten: our) position.

15) The financial position of the "Verein" was excellent. Seen from a financial viewpoint the sale held nothing tempting for us. It did not seem to us that the purchase price could be transferred to Czechoslovakia. (Last sentence crossed out). Then, however, the purchase agreement had been finally concluded we naturally wished to get the money as quickly as possible to Prague.

16) The purchase price paid to us corresponded to the degree of the situation. It did not do justice to the actual value of the sales price. Farben made use of the powerful position of the Third Reich at that time and of our position of duress in order to get the most important works cheaply into its possession. After frantic negotiations, during which the technical knowledge and the rare negotiating qualities of General-Director Dr. RASCH were striking despite the superior numbers of his opponents, we finally had to accept a purchase price of Kr. 201,000,000 for both works together. Immediately after that the purchasers insured the same factories for Kr. 553,000,000, that is double the amount of the price paid by them (viz. RM 53,300,000 which at that time corresponded to Kr. 553,000,000). We established this fact only after the liberation of Czechoslovakia.

TRANSLATION OF DOCUMENT No. 819332
CONTINUED

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17) It was the bitter lot of Dr. BASIN and myself to have to act in the drama of this "voluntary" agreement. We realized that we were under duress and simply had to sign in order to avoid the worst. The atmosphere in which the negotiations took place is characterized by a remark made by one of the German workers during the meetings: "If an agreement is not reached the German Government will take care of the matter". It was plain what was meant by this.

I have carefully read each of the 6 (six) pages of this affidavit and have signed them with my own hand. I made the necessary corrections in my own handwriting and have initialed them and hereby declare under oath that I have said the whole truth in this statement to the best of my knowledge and belief.

v/v
(signature) Jan DVORACEK, technical
engineer
(Jan DVORACEK, technical engineer)
(Signature of deponent)

Sworn to and signed before me this 12th day of July 1947 at
Prague, Czechoslovakia, by Jan DVORACEK, known to me to be the
person making the above affidavit.

(signature) Dr. Herbert UNGER
Herbert Unger
Czech Civilian A.O. No. 419
Office of Chief of Counsel
for War Crimes U.S. War De-
partment.

CERTIFICATE OF TRANSLATION

13 September 1947

I, H. E. CLARK, Civ. No. B 397939, hereby certify, that I am
a duly appointed translator for the German and English languages
and that the above is a true and correct translation of Document
No. 81-9-32.

H. E. CLARK
Civ. No. B 397939

"END"

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AFFIDAVIT

I, Dr. KARL FREDERICH MEHLER, 71 years of age, resident in Berlin-Kiadow, Hansstr. 21, after having first been warned that I will be liable for punishment, state herewith under oath, of my own free will and without coercion, the following:

Ref. Prager Verein 1938.

I have worked in the East-Pre-Prussia for about 45 years. Since 1916 I have been a member of the Vorstand. I do not possess the title of General-Direktor; our firm has had no General-Direktor since 1935. My position in the Vorstand might be described as that of a private inter-visor.

My firm was in constant contact with the Prager Verein. I knew the various gentlemen there personally. When Sudeten Germany was occupied in the autumn of 1938, the Prager Verein - in the persons of Martinek, Jaech and the Chairman of the Supervisory Board (Aufsichtsrat) whose name I do not know, contacted us. I had at that time considered various proposals as to how we could help the Prager Verein to keep its plants in the Sudeten country - Aussig and Falkenau - in spite of the political upheaval. Upon other things, I thought of giving the Prager Verein stock held in the East-Pre-Prussia and - vice-versa - acquiring stock in Prager Verein so that we could tell the German authorities that the question had already been settled and that Aussig and Falkenau no longer required to be sold.

At that time two German groups in particular were trying to acquire the plants in Aussig and Falkenau; firstly, I.G. Farbenindustrie, which had always cast envious eyes on Prager Verein's dye palette, which had been developed before the war by its former General-Direktor Meyer. Secondly, Chemische Fabrik von Heyden, which, in consequence of its location in Dresden, looked on the plants in Aussig and Falkenau as its own domains. I was not sure what backing Farben had. As it was on good terms with the Reich Ministry of Economics, it may have been backed by the Reich Ministry of Economics. Von Heyden was actively supported by the then Governor of Saxony, Butschmann.

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The question came to a head about the beginning of 1939. I had already conducted negotiations in Prague with Prager Verein on the subject of a possible exchange of stock. This time they came to Berlin - Martinek, Jaech, Preis (f) and possibly Dverocsek too. My colleague Kahl of East-Pre-Prussia and I myself had an appointment with the Goechs on Sunday, 6 November, in the Adlon Hotel. They informed us that they were to meet representatives from Farben and von Heyden next day, on the premises of the Dresdner Bank. We discussed the proposals which I had already outlined. Herr von Scheitzler joined us during our meal and asked casually what progress we had made. He replied to the effect that we had had a most interesting conversation, but had done no more than exchange ideas.

TRANSLATION OF DOCUMENT NO. NI-11445
OFFICE OF CHIEF OF COUNSEL FOR WAR
CRIMES (continued)

Apparently the fact that the representatives of Prager Verein had engaged in such a conversation with us - i.e. with Ruetgers-Werke - was the reason why - as we heard - the meeting held on the following day between Farben, von Heyden and the Prager Verein in the Dresdner Bank took the form of a so-called closed session (Clausur-Verhandlung). It is supposed to have lasted from early morning until midnight; meals were served in the same room, so that the representatives of the Prager Verein had no opportunity whatsoever to communicate with the outside world. The Dresdner Bank also took part in the negotiations - Dr. Zinsser was there, along with others. The Dresdner Bank had interests in von Heyden. Von Heyden was represented by Geheimrat Jungel and Dr. Strubberg and Farben by von Schnitzler and Ilgen - and probably by Geheimrat Schmitz and others as well. On the following day we were told by Mr. Martinck - or Mr. Bosch - that he very much regretted that he could not continue to negotiate with us, as he had already concluded a preliminary contract with the other two gentlemen. This extreme haste, added to the fact that the men from Prague were not allowed out of sight until a preliminary contract had been signed, shows that it was intended that in no circumstances was an agreement to be made with us.

We - i.e. Ruetgers-Werke A.G. - could no longer intervene in later developments. I heard later from Geheimrat Jungel that Farben had put Dr. Kugler into AUSAIG in a temporary basis, but that later on Herr Tiedemann

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from Farben in Leverkusen had been nominated for the leading position. Jungel told me that von Heyden did not possess suitable personnel to counter Farben in this respect.

I have carefully read each of the three (3) pages of this declaration and have signed them personally. I have made the necessary corrections in my own handwriting and initialed them and I declare herewith under oath that I have given the full truth to the best of my knowledge and belief.

(signature) CARL MUELLER

TRANSLATION OF DOCUMENT NO. NI-11445
OFFICE OF CHIEF OF COUNSEL FOR WAR
CRIMES (continued)

Sworn to and signed before me this 2nd day of October 1947,
at Palace of Justice, Nuernberg, Germany, by Dr. Karl Fried-
rich Mueller, known to me to be the person making the above
affidavit.

(signature) RANDOLPH H. NEWLANDS,
Attorney U.S. Civilian
AGO B 397712.

Office of Chief of Counsel for
War Crimes, U.S. War Department.

TRANSLATION OF DOCUMENT NO. NI-11445
OFFICE OF CHIEF OF COUNSEL FOR WAR
CRIMES. (CONTINUED).

CERTIFICATE OF TRANSLATION.

I, Mona A.M. Macloed, MSP 38347, hereby certify that I
am thoroughly conversant with the English and German
languages and that the above is a true and correct trans-
lation of the Document NO. NI-11445.

3 October 1947

Mona A.M. Macloed
MSP 38347

-3-
E N D.

TRANSLATION OF DOCUMENT NO. NI-12396
 OFFICE OF U.S. CHIEF OF COUNSEL
 FOR WAR CRIMES.

*Case
 separately
 distinguished*

Jiri Marek
 Usti n.L., Mosnova 10.

SWORN STATEMENT

I, Jiri Marek, born on the 13th of March 1920 at Prague, residing at Usti n.L. No.1967, Mosnova St.No.10, when I was properly warned that I can be punished for an untrue statement declare under oath without pressure the following:

1. I worked on, had written and issued in my official capacity as Chairman of the Personnel Section of the plant Usti n.L. National Enterprise for Chemical and Mine Production the review of the Personnel Section, Enterprise Usti National Association for Chemical and Mine Production, zn. U-1313 personal M/R of the 16th September 1947.
2. I made out for the enterprise directorate of the National Enterprises Association for Chemical and Mine Production in Prague II, Stepanska 30, the above-mentioned review of the 16th September 1947, which was requested through the directorate by the Ministry of Justice of the Czechoslovak Republic.
3. I was informed by the responsible resp. authorized employees of the enterprise directorate in Prague, Messrs. Dr. Weirich and Brchovsky that the enterprise directorate of the Association for Chemical and Mine Production National Enterprise in Prague requested me to make the mentioned review of the 16th September 1947 because the Ministry of Justice of the Czechoslovak Republic wanted to know for the trials against I.G. Farben at the International Tribunal at Nurnberg on the basis of the correspondence and archive material of the Personnel Section, Enterprise at Usti n/Laben, if and under what conditions the Czech employees of the Enterprise Usti n/L. were released on the basis of the order from the German management in the month of October 1938.
4. The material, which I used, as a responsible leading official of the Enterprise Usti on the 16th September 1947 as basis for stylization and execution of the review zn.U-1313 personal M/R of the 16th September 1947, I found almost always directly in the Personnel Records of the employees who were released in October 1938 from the enterprise Usti n/Laben for either national or racial reasons by at that time German management. I am also mentioning the names and personal data of these employees in my review of 16th September 1947. Those personal records are in the same condition as I received them in July 1945 from the German employees of the Personnel Section deposited in the files of the Personnel Section, Enterprise Usti n/L. Revoluční 85 (III Floor, Administrative Building).

TRANSLATION OF DOCUMENT NO. NI-12396
CONT'D.

I compiled the review on the basis of the material which I personally read and carefully investigated in the letter and U-1313 personal MK/R of the 16th September 1947 according to my best knowledge, belief and truth. While investigating the mentioned material and compiling the mentioned review I was fully aware of the fact that this will be used as evidence at the International Tribunal at Nurnberg, and I have the full knowledge of possible punishment which would occur to me, a responsible employee, in the event the report compiled in the mentioned review of the 16th September 1947 would not correspond with reality, resp. would differ from truth.

(page 2 of original)

Jiri N a r e k
Usti n.L., Mosnova 10

Page 2 (Two) of the Sworn Statement

I read carefully each of the pages of this Sworn Statement and signed with my own hand, I made the necessary corrections and added my initials to them with my own hand, and declare under oath that I said the full truth to my best knowledge and conscience.

At Usti nad Labem, the 31st day of October 1947.

Handwritten signature

Jiri N A R E K

(Trans.Note: Official Stamp)

No. of the Statement. 1653

I certify herewith that Mr. Jiri N a r e k to me personally known Chairman of the Personnel Section, Association for Chemical and Mine Production Usti n/L, residing at Usti nad Labem, Mosnova St. No. 10 whose personal identification was proven to me according to the law, signed before me today this Statement with his own hand.
At Usti nad Labem on the 31st day of October in the year one-thousand ninehundred and forty-seven.
Legislation, Official Stamp 27.10 kcs with 15 percent deduction.

(Trans.Note: Official Notary Public
Rubber Stamp)

Official Rubber Stamp of the Notary Public
Public Judra Jana Duffka at Usti nad Labem with signature.

TRANSLATION OF DOCUMENT NO. NI-12396
CONT'D.

CERTIFICATE OF TRANSLATION.

I, V. MANDL, ET 447, heroby certify that I am thoroughly conversant with the Czech and English languages; and that the above is a true and correct translation of Document No. NI - 12396.

17 November 1947

V. MANDL
ET 447.

(E N D)

MILITARY TRIBUNAL NO. _____
CASE NO. VI
Prosecution Document Book No. LV - 55

English



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ORDER GAZETTE

of the

Governor General for the Occupied Polish Territories
(Transl. Note: The above text follows here in Polish translation)

1939

(Transl. Note:)

Emblem of the National Socialist
Reich

(stamp): National Socialist German Workers
Party Reich headquarters.

Published by the Office of the Governor General (Transl. Note:
followed by Polish translation)

Krakow 1939

(Transl. Note: stamp: Library of the Party and Finance Administra-
tion of the NSDAP.
(Bibliothek der Partei- und Finanz-Verwaltung
der NSDAP).

(Page 37 of original)

Article 7.

The head of the Economic Department at the Office of the
Governor General is being commissioned with the execution of
this order by no.

Article 8.

The order becomes effective with the day of its promulgation.

Krakow, 15 November 1939.

The Governor General
for the
Occupied Polish Territories

F R L N K.

O R D E R

covering seizure of the property of the former Polish State
within the General Government.

15 November 1939.

On the basis of Article 5, Paragraph 1 of the decree of
the Fuehrer and Chancellor of the Reich on the administration
of the occupied Polish territories, dated 12 October 1939,
(Reich Law Gazette I, page 2077) I give the following order:

Article 1.

(1) The entire movable and immovable property of the
former Polish State, together with accessories, including all
claims, shares, rights and other interests within the General
Government is being confiscated for the purpose of safeguard-
ing values of public utility of all kinds.

(2) The "Trustee Office for the General Government"
(Treuhanderstelle fuer das Generalgouvernement) at the Office
of the Governor General is entrusted with the seizure, ad-
ministration and utilization of the confiscated property.

Article 2.

The head of the Economics Department in consultation with
the head of the Finance Department at the Office of the Go-
vernor General will issue the regulations necessary for carry-
ing this order into effect especially on the obligation to re-
port the property of the former Polish state and the treat-
ment of the rights of third persons to the property of the
former Polish state and of claims against this property. He
is authorized to enforce the execution of his orders by means
of penal regulations.

Article 3.

The order becomes effective with the day of its promul-
gation.

Krakow, 15 November 1939.

The Governor General
for the
Occupied Polish Territories

FLANK.

(Transl. Note: This document covers also a word by word trans-
lation of this order into Polish).

CERTIFICATE OF TRANSLATION

I, HERTHA C. KNUTH, AGC X-046355, hereby certify that I am
thoroughly conversant with the English and German languages;
and that the above is a true and correct translation of
Document No. NI-4602.

END

HERTHA C. KNUTH,
U.S. Civilian,
AGC X-046355.

(Page 174)

Reich Legal Gazette (Reichsgesetzblatt) Year 1940, Part I.

D e c r e e

on keeping in safety of the property of the former Polish State.

15 January 1940.

On the basis of the Decree for carrying into effect the Four Year Plan, of 18 October 1936 (Reich Legal Gazette I, page 887), in conjunction with the order of the Fuehrer and Reich Chancellor on the administration of the occupied Polish territories, of 12 October 1939 (Reich Legal Gazette I, page 2077), and the Decree ordering the introduction of the Four Year Plan into the Eastern territories of 30 October 1933 (Reich Legal Gazette I, page 2125), the following is being decreed for the territory of Greater Germany, including the incorporated Eastern territories, and for the occupied Polish territories:

Article 1.

(1) All of the movable and immovable property (with all accessories) of the heretofore Polish state, including all claims, participations, rights and interests of every kind is being placed under safe guard.

(2) This property is being confiscated for the purpose of safekeeping. Exempt from this confiscation is the property of the former Polish State situated in the incorporated Eastern territories which served the public need and which is being administered by a Supreme Reich Agency (Oberste Reichsbehoerde) or by an authority subordinated to it and, furthermore, such property situated in the incorporated Eastern territories and in the occupied Polish territories which

- (a) in its entirety or in part served or was designed to serve purposes of the Polish armed forces, of the air force and of the meteorological service or
- (b) within what then constituted Reich borders has been used by the German Armed Forces prior to 1 November 1918,
- (c) has been taken over as property by the German Armed Forces for purposes serving the Reich defense.

(3) By reason of the confiscation parties heretofore empowered lose the right to dispose of this property unless otherwise provided by article 4.

Article 2.

(1) All legal entities and all natural persons who directly or indirectly own, safeguard or administer confiscated property as agents (Beauftragte), tenants, or usufructuaries or by reason of another type of legal or actual relationship are requested to report this property within one month's time to the lower-level German administrative authority (Landrat or Stadtkommissar).

(2) The report should cover:

- (a) exact information as to where the property is located,
- (b) a short description of the property, of its value and of its volume,
- (c) an explanation as to the legal or actual relationship by reason of which the person submitting the report considers it his duty to comply with the requirement to file a report.

(c) The Main Trustee Office East is authorized to follow a different procedure concerning the requirement to report.

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No. 14 - Date of issue: 19 January 1940

(Page 175)

Article 3.

(1) The requirement to report property, as called for by Article 2, will not apply for property of the former Polish State which is being administered by a Supreme Reich Agency (Oberste Reichsbehörde) or an authority subordinated to it.

(2) The Supreme Reich Authorities inform the Main Trustee Office East as to the property administered by them and by their subordinated offices.

Article 4.

He who has in his possession, owns, or under his safeguard confiscated property has to continue administering it until further notice. Changes in or disposition of the property or its proceeds are permitted only within the province of orderly management. All measures going further than this, especially the disposal of real estate require the approval of the Main Trustee Office East or of offices to whom it has delegated power. The report requirement applies also to leasing of industrial and agricultural enterprises as well as of agricultural property exceeding 10 hectares in size.

Article 5.

Upon the request of Main Trustee Office East the respective authorities, legal entities or natural persons referred to under articles 2 and 3 are held to relinquish to its trustee offices or agents property which has been confiscated according to article 1, paragraph 2. This requirement covers all data and records, particularly books and vouchers having bearing on the assertion of right to or administration of property titles.

Article 6.

The Main Trustee Office East or its trustee offices can relinquish the administration and within the bounds of orderly management also the utilization of confiscated property to other authorities and offices or to special agents.

Article 7.

Upon the request of the Main Trustee Office East or its trustee offices the confiscation, the appointment and removal of trustees, as well as their names are to be recorded in the Land Register in the Trade Register or into any other appropriate public register.

Article 8.

(1) As long as the confiscation is in effect no compulsory auction of property, forced administrations and judicial executions of any kind are permitted with regard to the confiscated property. Judicial execution is comparable to the execution of an arrest or of a temporary restraint of disposal. Proceedings in bankruptcy, a settlement procedure (Vergleichsverfahren) or any other procedure for the purpose of satisfying creditors, does not take place.

(2) Suing for performance (Leistung) or establishment having rights or titles to the confiscated property as their object are permissible only after the Main Trustee Office East, upon examination, declares that it contests the right or the title.

Article 9.

(1) In order to carry out its tasks the Main Trustee Office East according to this decree is authorized to approach anyone for information.

(2) Administrative authorities and courts are bound to accord official assistance, particularly to interrogate upon its request witnesses and experts.

Article 10.

(1) Imprisonment and a fine or one of these two punishments will be imposed upon him who, for the purpose of obtaining for himself or for someone else a portion of the property, attempts to deprive the Main Trustee Office East, its trustee offices or its agents or trustees of an object constituting confiscated property or to frustrate, circumvent or in any other way impair the effectiveness of the confiscation.

(2) In cases of gravity the punishment will be penal servitude at hard labor. If the perpetrator is motivated by insubordination to the new political order or if otherwise a particularly grave case is involved, capital punishment is to be imposed.

Article 11.

(1) He who, deliberately or through carelessness, fails to comply with the requirement to report or furnish information as provided by this Decree, he who does not comply correctly or complies incompletely is subject to imprisonment and fine or to one of these two punishments.

(2) Criminal prosecution takes place only upon the request of the Main Trustee Office East.

Article 12.

The Main Trustee Office East issued the regulations necessary for the carrying out of this decree.

Article 13.

(1) The Decree becomes effective with the day of its promulgation. At the same moment all regulations which are in opposition will become invalid. The regulations of the decree for the protection of the installations necessary for establishing the Reich war port of Gotenhafen of 21 December 1939 (Reich Legal Gazette I, page 2475) remain unchanged.

(2) As far as property objects of the kind described in article 1. have already been seized, the regulations of this Decree will be binding for carrying the confiscation through.

(3) The Office of Commissioner, Administrators or Trustees who were appointed according to other regulations expires on 31 March 1940 at the latest.

Berlin, 15 January 1940.

The Plenipotentiary for the Four Year Plan
Goering
Fieldmarshal

Reich Legal Gazette 1940 I

45

CERTIFICATE OF TRANSLATION

I, HERTHA C. KNUTH, AGO No. X-046353, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of Document No. NI-4603.

HERTHA C. KNUTH
AGO No. X-046353

END

- 4 -

Article 13.

(1) The Decree becomes effective with the day of its promulgation. At the same moment all regulations which are in opposition will become invalid. The regulations of the decree for the protection of the installations necessary for establishing the Reich war port of Cotenhafen of 21 December 1939 (Reich Legal Gazette I, page 2475) remain unchanged.

(2) As far as property objects of the kind described in article 1. have already been seized, the regulations of this Decree will be binding for carrying the confiscation through.

(3) The Office of Commissioner, Administrators or Trustees who were appointed according to other regulations expires on 31 March 1940 at the latest.

Berlin, 15 January 1940.

The Plenipotentiary for the Four Year Plan
Goering
Fieldmarshal

Reich Legal Gazette 1940 I

45

CERTIFICATE OF TRANSLATION

I, HERTHA C. KNUTH, AGO No. X-046353, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of Document No. NI-4603.

HERTHA C. KNUTH
AGO No. X-046353

END

- 4 -

6

Verordnungsblatt

for the Government General

1940

Stamp of N.S.D.A.P.

Issued by the Legislative Department
in the Office of the Government General.

Cracow 1940

Stamp of Library of the Party
and Financial Administration
of the N.S.D.A.P.

(page 23 of original)

.....
D e c r e e
concerning the Sequestration of Private Property
in the Government General
(Sequestration Decree)
dated 24 January 1940.

By virtue of Paragraph 5 sub-paragraph 1 of the Edict of the
Fuhrer and Reich Chancellor concerning the Administration of the
Occupied Polish Territories dated 12 October 1939 [Reichsgesetz-
blatt (Reich Official Gazette) 1 P.2077] I hereby decree:

Paragraph 1.
Purpose of Sequestration.

Sequestrations may be ordered and carried out only in connection
with the performance of tasks serving the public interest. They shall
be effective only if the following provisions have been observed.

Paragraph 2.
Sequestration Agencies.

(1) The right of sequestration shall be vested exclusively
in the Governor General of the Occupied Polish Territories. It shall
be exercised in his name and in accordance with his directives, by
the Head of the Office of the Governor General and the district
chief or other agencies designated by the Governor General.

(2) The right to sequester agricultural and forest property
shall be exercised by the Head of the Trustee Administration for
the Government General in concurrence with the Head of the Depart-
ment of Food and Agriculture or the Head of the Forestry Department.

(3) The right of the Head of the Office of the Commissioner
for the Four-Year Plan in the Government General to sequester

TRANSLATION OF DOCUMENT NO. 21 - 4600
CONT'D.

raw materials of all kinds, as well as industrial semi-manufactured and finished products, shall not be affected by the provisions of the present decree.

(4) The seizure, administration and exploitation of the sequestrated property shall be entrusted to the Head of the Trustee Administration of the Government General.

Paragraph 3.
Order of Sequestration.

(1) Sequestration orders shall be issued in writing by the agency carrying out the sequestration in concurrence with the Head of the Trustee Administration

(page 26 of original)

of the Government General. Sequestration shall take effect upon service of the order for sequestration.

(2) Service by post or public announcement may be substituted for written notification.

Paragraph 4.
Effects of Sequestration.

(1) Sequestration implies a legal prohibition against alienation of the property. Legal transactions of any kind in connection with the sequestrated property and changes therein shall be null and void without the previous consent of the Head of the Trustee Administration of the Government General or of the agency designated by him.

(2) The same shall apply to any legal transactions effected by way of execution of a judgment, or of an attachment.

(3) Rights of third parties in the property sequestrated, including those vesting title in a third party for the purpose of securing obligations owed, shall be held in abeyance.

Paragraph 5.
Entry of Notice of the Order of Sequestration in the Land Register.

Upon sequestration of realty and other rights in realty subject to registration in the land register, notice of the sequestration shall be entered in the land register. Application for entry of such notice shall be made by the authority decreeing the sequestration; or, where a trustee has been appointed, by the trustee.

Paragraph 6.
Exemptions from Sequestration.

Movable objects which at the time of the entry into force of the present decree serve exclusively for the personal use of the person affected by the sequestration shall be exempt therefrom provided they are not objects of luxury and do not exceed the requirements of bare living.

Paragraph 7.
Duty of Sequestration.

Property liable to sequestration may be made the subject of compulsory registration by decree of the Governor General.

Paragraph 8.
Confiscation of Abandoned Property.

(1) Abandoned property shall be confiscated by the District Chief (Town Prefect) and handed over for administration to the Head of the Trustee Administration of the Government General. Such confiscation shall be ordered in writing.

(2) The rights of third parties in the confiscated property, including conveyance of legal title for the purpose of securing the payment of obligations, shall abate upon confiscation. The Head of the Trustee Administration of the Government General may grant exemptions from such abatement.

Paragraph 9.
Appointment of Trustees.

Upon the issuance of the order of sequestration or confiscation of abandoned property the agency issuing the order may appoint a trustee. The appointment shall be subject to confirmation by the Head of the Trustee Administration of the Government General.

(page 25 of original)

Paragraph 10.
Status of the Trustee.

(1) The trustee shall be entitled to any action in litigious and non-litigious matters which are involved in the administration of the sequestered property. His authority in this connection shall be equivalent to any power of attorney required by law.

(2) The trustee shall submit to the Head of the Trustee Administration of the Government General proposals concerning any alienation or liquidation, in particular of anti-social or financially unremunerative concerns. The decision concerning alienation or liquidation of the concerns shall be made by the Head of the Trustee Administration of the Government General.

(3) The trustee shall be subject to supervision by the district officer [field office of the Trustee Administration (Verwaltungsstelle) of the Government General] and to the further supervision of the Head of the Trustee Administration of the Government General.

(4) The trustee in his conduct of affairs shall act with the care of a prudent businessman. He shall be responsible to the appointing agency for all losses arising from a violation of this obligation. He shall at all times supply to such agency any information it shall require, and, failing provisions to the contrary, shall also send it a report concerning his administration at the end of each month after his appointment, without special request.

TRANSLATION OF DOCUMENT NO. NI - 4600
CONT'D.

(5) The trustee shall be subject to dismissal without notice.

(6) The cost of trustee administration shall be charged to the property sequestered.

Paragraph 11.
Sequestration by Military Authorities.

(1) Sequestrations already ordered or which may in the future be ordered by the Commander-in-Chief in the East shall not be subject to the restrictions imposed by the present decree if they are effected in the interests of the defense of the Reich and the increase of armaments. Such sequestrations shall be notified to the Head of the Trustee Administration of the Government General.

(2) The Head of the Trustee Administration of the Government General shall be entitled to review orders of sequestration issued and enforced by the military authorities with a view to determining whether they are required for the purposes referred to in sub-paragraph 1.

(3) Appointment of all trustees shall be subject to confirmation by the Head of the Trustee Administration of the Government General.

Paragraph 12.
Sequestration by Units of the Armed SS and Police.

(1) The Superior SS and Police Chief may, in exceptional cases, order sequestrations with the object of increasing the striking power of the units of the uniformed police and armed SS. Such sequestrations shall not be subject to the limitations imposed by the present decree; notification of orders of sequestration shall be made to the Head of the Trustee Administration of the Government General.

(2) Sub-paragraphs 2 and 3 of Paragraph 11 apply accordingly.

(page 26 of original)

Paragraph 13.
Orders of Sequestration issued by the Security Police.

(1) Sequestrations ordered by officers of the security police shall not be subject to the limitations of the present decree, provided they relate to objects directly connected with punishable acts. The Head of the Trustee Administration of the Government General shall be notified of such sequestrations.

(2) Sub-paragraphs 2 and 3 of Paragraph 11 apply accordingly.

Paragraph 14.
Notice of Sequestration Orders issued before the
effective date of this Decree.

(1) Notice of sequestrations ordered and executed before

TRANSLATION OF DOCUMENT NO. VI - 4600
CONF'D.

the effective date of the present decree shall be given to the Head of the Trustee Administration of the Government General.

(2) Whenever a trustee has been appointed, confirmation of such appointment shall be obtained from the Head of the Trustee Administration of the Government General not later than April 1, 1940. In the case of appointments of trustees made before November 20, 1939, paragraph 3 of the Decree concerning the Establishment of an Office of Trustee Administration of the Government General dated November 15, 1939 (VBL. GGP., p. 35) shall remain controlling.

Paragraph 15.
Granting of Compensations.

(1) Compensation may be granted for losses involved in the execution of the present decree; courts of law shall have no jurisdiction therein.

(2) The Head of the Trustee Administration of the Government General shall by order establish the amount of compensation after hearing the agency which has ordered the sequestration. His decision shall be final.

Paragraph 16.
Restrictions on Property Rights heretofore imposed.

(1) Order No. 4 of the Head of the Foreign Exchange Department in the Office of the Governor General, dated November 20, 1939 (VBL. GGP., p. 57) shall not be affected hereby.

(2) Debtors in respect of obligations owed to a Jew which are subject to an order of sequestration may terminate their obligation by paying the amount due into a blocked bank account of such Jewish creditor.

Paragraph 17.
Penalties.

(1) Violations of the present decree and of the rules and regulations implementing and supplementing it shall be punishable by imprisonment and fine of unlimited amount or by either of these penalties, and in especially serious cases by hard labor.

(2) The Special Court shall have jurisdiction to try violations referred to in sub-paragraph 1.

(page 27 of original)

Paragraph 18.
Final Provisions.

(1) The order concerning the housing of public authorities, dated November 1, 1939 (VBL. GGP., p. 27) shall be repealed on the effective date of this decree.

(2) The following shall not be affected hereby:

TRANSLATION OF DOCUMENT NO. NI - 4600
CONT'D.

- a) The Decree concerning the Sequestration of the Property of the Former Polish State within the Government General, dated November 15, 1939 (VEL.GGP., p.37).
- b) The Decree concerning Mining Rights and Mining Shares in the Government General, dated December 14, 1939 (VEL.GGP., p.236).
- c) The Decree concerning the Sequestration and Surrender of Radio Apparatus, dated December 15, 1939 (VEL.GGP., p.235).
- d) The Decree concerning the Sequestration of Art Treasures in the Government General, dated December 16, 1939 (VEL.GGP., p.209).
- e) The Decree concerning the Sequestration of Installations and Equipment of the Mineral Oil Industry in the Government General, dated January 23, 1940 (VEL.GGP., p.31).

Cracow, January 24, 1940.

The Governor General
of the Occupied Polish Territories

F r a n k .

CERTIFICATE OF TRANSLATION

I, DOROTHY E. PLUMMER, USFWE 482, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of Document No. NI - 4600.

7 October 1947

DOROTHY E. PLUMMER
USFWE 482.

(E F D)

REICHSGESETZBLATT

PART I

1940

Issued by

The Reich Ministry of the Interior

Berlin 1940 - Reichsverlagsamt

(Pages 1270 - 1273)

Decree concerning the Treatment of the Property of Citizens
of the Former Polish State, September 17, 1940^a

By virtue of the Decree concerning the Execution of the Four-Year Plan, dated 18 October 1936 /Reichsgesetzblatt (Reich Official Gazette) I, p. 657/, and the Decree concerning the Introduction of the Four-Year Plan in the Eastern Territories, dated 30 October 1939 /Reichsgesetzblatt (Reich Official Gazette) I, p. 2125/, it is decreed as follows for the territory of the Greater German Reich, including the Incorporated Eastern Territories:

Paragraph 1

(1) The property of members of the former Polish State within the territory of the Greater German Reich, including the Incorporated Eastern Territories, shall be subject to sequestration (Beschlagnahme), administration by public commissioners (Kommissarische Verwaltung), and confiscation (Einziehung) in accordance with the following provisions:

(2) The same shall not apply to the property of persons who, in accordance with paragraph 6 of the Decree of the Fuehrer and Reich Chancellor concerning the Organization and Administration of the Eastern Territories dated 8 October 1939 /Reichsgesetzblatt (Reich Official Gazette) I, p. 2042/, have acquired German nationality. The agency vested with jurisdiction (paragraph 12) may allow further exemptions.

(3) Citizens of Polish origin of the former Free City of Danzig shall have the status of citizens of the former Polish State.

Paragraph 2

(1) Sequestration (Beschlagnahme) shall be ordered in connection with the property of:

TRANSLATION OF DOCUMENT NO. HI-4801
(Cont'd)

- a) Jews.
- b) Persons who have fled or are not merely temporarily absent.

(2) Sequestration (Beschlagnahme) may be ordered:

- a) If the property is required for the public welfare, in particular in the interests of Reich defense or of the strengthening of Germanism (die Festigung des deutschen Volkstums).
- b) If the owners or other title holders immigrated into the territory of the German Reich as it was then delimited, after 1 October 1918.

(3) Sequestration (Beschlagnahme) may be confined to individual items of property.

(4) The following shall be exempted from sequestration (Beschlagnahme) as a general rule:

- a) Movable objects which are intended to serve exclusively for personal needs.
- b) Cash, bank, and savings-bank deposits and securities not exceeding in total one thousand Reichsmarks.

Paragraph 3.

Property shall be deemed to include: immovable and movable objects /together with all accessories/, claims, participations, rights, and interests of all kinds.

Paragraph 4.

(1) By the order of sequestration (Beschlagnahme), those previously entitled to the sequestrated (Beschlagnahmt) property shall lose the right of disposal over it. The rights of the Administrator General (Generalverwalter) under the decree concerning the Public Economic Administration of Enterprises and Lands Dedicated to Agriculture and Forestry in the Incorporated Eastern Territories, dated 12 February 1940 /Reichsgesetzblatt (Reich Official Gazette) I, p. 355/, shall not be affected.

(2) Owners or trustees of sequestrated (Beschlagnahmt) property shall administer it until further notice. Changes in, or dispositions relating to, the property or the proceeds thereof shall be admissible only within the limits of orderly administration. All other measures which exceed these limits, in particular the disposition of lands, shall require the approval of the agency having jurisdiction /paragraph 12/.

Paragraph 5.

(1) Administration by public commissioners (kommissarische Verwaltung) may be ordered in respect of property subject to sequestration (Beschlagnahme) if orderly administration shall require it.

(2) The imposition of administration by public commissioners (kommissarische Verwaltung) shall be considered as equivalent to sequestration (Beschlagnahme).

Paragraph 6.

(1) The public commissioner (kommissarischer Verwalter) shall be appointed

by the competent agency /paragraph 12/. He shall receive written notice of appointment. He shall be subject to dismissal.

(2) In his administration (Führung der Geschäfte) he shall exercise the care of a prudent businessman or manager (Verwalter) and shall be responsible for all losses arising from a violation of these obligations. He shall at all times supply to the competent agency /paragraph 12/ any information it shall require and, failing provisions to the contrary, shall also send it a monthly report concerning his administration without special request.

(3) The public commissioner (kommissarischer Verwalter) may be held to his obligations by the competent agency /paragraph 12/—without prejudice to his responsibility under the criminal law—by means of disciplinary fines up to ten thousand Reichsmarks.

Paragraph 7.

(1) The public commissioner (kommissarischer Verwalter) shall be entitled to any action in litigious and non-litigious matters which are involved in the administration of the property within the ordinary course of business.

(2) The public commissioner shall not, without previous express authorization from the competent agency /paragraph 12/:

- a) Dispose of or contract a charge upon land.
- b) Alter the purpose or legal form of an enterprise.
- c) Engage in any legal transaction resulting in the alienation (Veräußerung) or liquidation of an enterprise or concern (Betrieb) or in the alienation (Veräußerung) of the administered stock of goods or of any other part of the property in its entirety.
- d) Lease industrial, agricultural, and forestry concerns (Betriebe) and agricultural and forest land of more than ten hectares in extent.
- e) Engage in any legal transaction whose conclusion shall be solely dependent on the previous express authorization of the competent agency /paragraph 12/ through the publication thereof in the Deutscher Reichsanzeiger and Preussischer Staatsanzeiger.

(3) Legal transactions undertaken without the authorization required under sub-paragraph 2 shall be void.

Paragraph 8

(1) The public commissioner shall receive a remuneration for his work which shall be fixed by the competent agency /paragraph 12/.

(2) The cost of administration by public commissioners (kommissarische Verwaltung) including this remuneration shall be borne by the enterprise, property, or portion of property administered.

Paragraph 9

(1) Sequestered (beschlagnahmt) property may be confiscated (eingezogen) by the competent agency /paragraph 12/ for the benefit of the German Reich if the public welfare, in particular the defense of the Reich, or the strengthening of Germanism (Festigung des deutschen Volkstums) so requires.

(2) Before confiscation (Einziehung) the sequestrated (beschlagnahmt) property shall be defined in accordance with detailed directives from the competent agency /paragraph 12/.

(3) The Reich shall be responsible for the liabilities pertaining to the confiscated (eingezogen) property to an amount not exceeding the sale-value of the confiscated (eingezogen) property. Liens on confiscated property shall continue to exist.

(4) The agencies authorized to effect confiscation (Einziehung)/paragraph 12/ shall be authorized to undertake all dispositions of confiscated property. For all dispositions of agricultural property, agreement shall be required between the Reichskommissar for Strengthening Germanism (die Festigung des deutschen Volkstums) and the Reich Minister of Food and Agriculture.

(5) The settlement concerning the nature and extent of compensation to be granted for loss of property involved in the execution of the present Decree is reserved for subsequent regulations. For measures undertaken by the agency having jurisdiction /paragraph 12/ by virtue of paragraphs 16 and 17, no compensation shall be granted.

Paragraph 10

(1) Administration by public commissioners (kommissarische Verwaltung) may further be ordered for the property of juristic persons, companies, societies, and other personal associations in whose capital citizens of the former Polish State still held a predominant share in the year 1939 or whose administration was under the authoritative influence of citizens of the former Polish State.

(2) Throughout the duration of the administration by public commissioners (kommissarische Verwaltung) the powers of the heads (Leiter) or other persons entitled to act as representatives or managers shall be suspended; the same shall apply to the powers of all respective agencies.

(3) With respect to these measures only the shares and other evidences of participation of citizens of the former Polish State shall be subject to confiscation (Einziehung).

Paragraph 11

(1) Sequestration (Beschlagnahme) or imposition of administration by public commissioners (kommissarische Verwaltung) shall, upon the request of the competent agency /paragraph 12/, be entered in the land register or other suitable public register. Registration of the name of the public commissioner (kommissarischer Verwalter) may also be requested.

(2) To the extent that entries in the land register or other suitable public register are no longer correct because of measures taken by virtue of the present Decree, they shall be corrected on the instructions of the competent agency /paragraph 12/. Sub-paragraphs 3 to 5 of paragraph 1 of the Second Decree for the Implementation and Supplementation of the Law concerning the Granting of Compensation in connection with the Confiscation or Transfer of Property, dated 18 March 1938 /Reichsgesetzblatt (Reich Official Gazette) I, p. 317/, apply accordingly.

Paragraph 12

(1) With respect to measures and decisions undertaken by virtue of the present Decree the Commissioner for the Four-Year Plan, - Main Trustee Administration East /Haupttreuhandstelle Ost/, shall be competent; with respect to agriculture, including agricultural auxiliary enterprises, the Reich

Commissioner for the Strengthening of Germanism (die Festigung des deutschen Volkstums).

(2) The agencies vested with jurisdiction in accordance with sub-paragraph 1, may transfer the exercise of this authority, either wholly or in part, to other agencies. Appeals against the decisions of the latter shall be addressed to the agency which is competent according to sub-paragraph 1. An appeal shall have no effect of postponement. It is inadmissible if more than a year has passed since the issue of the decision to be contested.

Paragraph 13

Should a person propose sequestration (Beschlagnahme) or the imposition of administration by public commissioners (kommissarische Verwaltung) on the grounds that he is a German national, the proceedings shall be suspended. The competent agency /paragraph 12/ shall request the Regierungspräsident to decide the matter of German nationality. The interested party shall also be entitled to make such request. Appeal against the decision of the Regierungspräsident to the Reich Minister of the Interior shall be admissible. The decision concerning German nationality shall be binding for the action of the competent agency /paragraph 12/ by virtue of the present Decree.

Paragraph 14

Orders to be issued in accordance with paragraphs 2, 5 and 10 shall be made in writing and served upon the parties in interest. In lieu of such notice, service may be made by public notice, poster or publication.

Paragraph 15

(1) Dispositions with respect to land and land title of members of the former Polish State which are not subject to the provision concerning exemptions in sub-paragraph 2 of paragraph 1, shall require the approval of the competent agency /paragraph 12/ in order to take effect. This provision is not applicable, however, to the disposition concerning the claim to interest and other recurrent payments (Leistungen).

(2) Whether approval according to sub-paragraph 1 is required shall be decided by the competent agency /paragraph 12/. The decision shall be binding upon courts and administrative authorities. The competent agency /paragraph 12/ shall, upon request, issue a certificate that approval is not required.

Paragraph 16

(1) No execution of any kind on objects which are subject to sequestration (Beschlagnahme) under the present Decree may be commenced without the consent of the competent agency /paragraph 12/. Should one of the agencies having jurisdiction according to paragraph 12 give its consent, the fact that it was wrong in its assumption of jurisdiction shall not affect the further proceedings.

(2) Should there be a fear that the debtor may evade execution, or should for another reason immediate action be expedient, then, by order of the court issuing the warrant of execution, this execution may be begun before the issue of the consent required under sub-paragraph 1. In such case it shall be limited to the measures permissible with respect to the execution of an attachment (Arrest), and shall only be pursued further when consent has been granted. Upon the proposal of the competent agency /paragraph 12/ the court issuing the warrant shall order that the provisional measures of execution be suspended.

Paragraph 17

(1) Should, in the Incorporated Eastern Territories, bankruptcy proceedings be instituted against the estate (Vermogen) of an insolvent debtor, the provisions of paragraph 16 shall apply to the disposal of the property constituting this estate accordingly.

(2) Should the institution or suspension of bankruptcy proceedings in the Incorporated Eastern Territories depend upon the existence of an estate which is equal in value to the cost of the proceedings, objects which are subject to sequestration (Beschlagnahme) by reason of this Decree shall be taken into consideration as belonging to this estate only if the competent agency /paragraph 12/ has consented to their disposal (Verwertung) in the bankruptcy proceedings.

Paragraph 18

Property subject to sequestration (Beschlagnahme) may be ordered to be registered by public announcement. The order concerning agricultural property shall be issued by agreement with the Reich Minister of Food and Agriculture.

Paragraph 19

The competent agency /paragraph 12/ may, for the purpose of its tasks, request information from anyone. Administrative authorities and courts shall render it official aid, and in particular examine witnesses and experts upon its request.

Paragraph 20.

(1) A fine and imprisonment or either of these penalties shall be imposed on anyone who, seeking to obtain material advantage for himself or for others, attempts to withhold a sequestered (beschlagnahmt) item of property from the agencies designated in paragraph 13 or from those appointed by them with authority to dispose, or who attempts to frustrate, circumvent, or prejudice in any manner the carrying out of the sequestration (Beschlagnahme).

(2) In serious cases the penalty shall be imprisonment. Should the culprit act from opposition to the new political order, or should the case be particularly serious for other reasons the death penalty shall be imposed.

Paragraph 21.

(1) Imprisonment and a fine or either of these penalties shall be imposed on anyone who, intentionally or through negligence, fails to carry out, or carries out incorrectly or incompletely, the obligation imposed by the present Decree, any implementary order issued in connection therewith, or an order, under paragraphs 18 and 19, to register property or give information.

(2) Prosecution shall be instituted only upon the suggestion of the agency vested with jurisdiction according to paragraph 12.

Paragraph 22

(1) The following decrees remain in force:

- a) The Decree (Verordnung) for the Safeguarding of the Installations necessary for the Establishment of the Reich Naval Base (Reichskriegshafen) Gdynia, dated 21 December 1939 /Reichsgesetzblatt (Reich Official Gazette) I, p. 2475/;
- b) The Decree concerning the Public Economic Administration of Enterprises and Lands Dedicated to Agriculture and Forestry in the Incorporated Eastern Territories, dated 12 February 1940

- /Reichsgesetzblatt (Reich Official Gazette), I, p. 355/, provided that the provisions of paragraphs 1, 3, 3 and 4, sub-paragraph 1; paragraphs 9, 11 and 12, sub-paragraph 1; paragraphs 14, 18, 19, 20, 21 and 23 of the present Decree, shall apply to enterprises subject to public economic administration;
- c) the Decree concerning the Handling of Enemy Property, dated 15 January 1940 /Reichsgesetzblatt (Reich Official Gazette) I, p. 191/ with the proviso that property belonging to members of the former Polish State, who have their domicile or permanent residence in the territory of an enemy state shall be handled under this Decree insofar as it lies within the Greater German Reich including the Incorporated Eastern Territories;
- d) The Decree concerning Sequestration (Beschlagnahme) in the Occupied Former Polish Territories (excluding Eastern Upper Silesia) dated 5 October 1939 /Verordnungsblatt (Official Gazette) for the Occupied Territories in Poland, p. 25/;
- e) the Decree concerning the Commitment of Jewish Property, dated 3 December 1938 /Reichsgesetzblatt (Reich Official Gazette) I, p. 1709/ with the following provisos:
1. The sequestration (Beschlagnahme) according to Paragraph 2 and the order for administration by a public commissioner (kommissarische Verwaltung) according to paragraphs 5 and 10 of this Decree do not apply in the case of the property values (Vermögenswerte) of Jews, which the Jewish owners were placed under obligation to sell on the effective date of this Decree by virtue of paragraphs 1-6 of the Decree concerning the Commitment of Jewish Property; the proceeds from the alienation (Verkaufserlöse) may be confiscated.
 2. The assent according to paragraph 15 of this Decree is not necessary, to the extent that an approval is already prescribed by paragraph 3 of the Decree concerning the Commitment of Jewish Property.
- f) The Decree of the Reich Protector of Bohemia and Moravia concerning Jewish Property, dated 21 June 1939 /Verordnungsblatt (Official Gazette) of the Reich Protector of Bohemia and Moravia, p. 45/ and the Decree of the Reich Protector of Bohemia and Moravia for the Exclusion of Jews from the Economy of the Protectorate, dated 26 January 1940 /Verordnungsblatt (Official Gazette) of the Reich Protector of Bohemia and Moravia, p. 41/, with the proviso that the measures taken for the exclusion of Jews shall be carried out also with respect to property of members of the former Polish State in accordance with these regulations and in concurrence with the Haupttreuhändstelle Ost (Main Trustee Administration, East); for sequestration (Beschlagnahme) and confiscation (Einzichung) the authorities named in paragraph 13 shall still have jurisdiction.

(2) In all other cases, all conflicting enactments promulgated since 26 August 1939 in the Incorporated Eastern Territories including the territory of the former Free City of Danzig, in particular those which accord to other agencies the right of sequestration (Beschlagnahme), the right of appointment of public commissioners (kommissarische Verwalter) or trustees, and the right of confiscation (Einzichung), are hereby repealed.

(3) The measures and legal transactions (Rechtsgeschäfte) undertaken by the public commissioners (kommissarische Verwalter) with the approval of the competent authorities (paragraph 12) are not subject to the obligation concerning approvals (Genehmigungserzwang) according to the Decree for the Safeguarding

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Cont'd

of the Orderly Reconstruction of Economy in the Incorporated Eastern Territories, dated 31 January 1940 /Reichsgesetzblatt (Reich Official Gazette) I, p. 255/. In cases of alienation, the concurrence shall be obtained of the competent Reichsstatthalter or of the Oberpräsident or of the supreme Reich authorities, who have reserved to themselves the right of assent by virtue of paragraph 3, sub-section 2 of the Decree dated 31 January 1940. If in cases of special importance this concurrence cannot be obtained, the Plenipotentiary for the Four-Year Plan shall decide.

(4) Measures undertaken by competent authorities (paragraph 12) which were ordered prior to the effective date of this Decree shall continue to apply, provided that they are not in contradiction with the provisions of the present Decree or with the law which applied heretofore.

(5) To the extent that sequestrations (Beschlagnahmen), confiscations (Einziehungen) or appointments of public commissioners (kommissarische Verwalter) are effected by other than the competent authorities (paragraph 12), written confirmation thereof shall be procured. Insofar as this confirmation is refused, the measures previously issued shall become void. The same shall apply, if by 31 October 1940 no decision concerning the confirmation has been reached. The competent authorities (paragraph 12) are authorized in individual cases to extend this term in accordance with circumstances.

(6) The provisions of Sub-section 5 shall not apply to trustees (Treuhandler), who, on the effective date of this Decree, by virtue of paragraphs 2 and 6 of the Decree concerning the Commitment of Jewish Property, dated 3 December 1938 /Reichsgesetzblatt (Reich Official Gazette) I, p. 1709/ are appointed for the provisional continuation, alienation or liquidation of Jewish industrial enterprises (Gewerbebetriebe) or for the administration or alienation of other property values (Vermögenswerte) of Jews. The legal status of such trustees shall remain unchanged.

Paragraph 23

(1) The Plenipotentiary for the Four-Year Plan shall issue the necessary law-making decrees for the implementation of the present Decree - for agriculture including agricultural auxiliary enterprises - with the approval of the Reichskommissar for the Strengthening of Germanism (die Festigung des deutschen Volkstums) and of the Reich Minister for Food and Agriculture.

(2) The Plenipotentiary for the Four-Year Plan, in concurrence with the Reich Minister of Finance and with the Reich Minister of Economy may, by means of law-giving decrees, in derogation of the provisions of existent law, order a more summary liquidation of the juridical relationships (Rechtsbeziehungen) of such persons whose property is subject to sequestration (Beschlagnahme) according to the present Decree.

(3) The necessary administrative provisions for the implementation of this Decree shall be issued by the Plenipotentiary for the Four-Year Plan - Main Trustee Administration East (Haupttreuhandstelle Ost) - in concurrence with the competent authorities.

Paragraph 24

(1) The present Decree shall become effective a week after promulgation.

(2) The Plenipotentiary for the Four-Year Plan shall determine the date on which the present Decree shall be repealed.

Berlin, 17 September 1940

The Chairman of the Council of
Ministers for the Defense of the Reich and
the Plenipotentiary for the Four-Year Plan

Goering
Reich Marshal

END

CERTIFICATE OF TRANSLATION

I, DOROTHY E. PLUNGER, USEET 482, hereby certify that I am thoroughly conversant with the English and German languages; and that the above is a true and correct translation of Document No. SI-4601.

April 1, 1947

DOROTHY E. PLUNGER
USEET 482

END

Proclamation concerning the Establishment of a
Main Trusteeship Office, East.
(Haupttreuhandstelle Ost).

Deutscher Reichsanzeiger and Preussischer Staatsanzeiger
No. 260, dated 6 November 1939.

Official publication of the Reich Ministry
No. 49, dated 11 November 1939.

I have set up in my department a Main Trusteeship Office, East (Haupttreuhandstelle Ost). This agency is located both in Berlin as well as in the office of the Governor General of the Occupied Polish Territory. The Main Trusteeship Office, East shall work in concurrence with the Governor General, the Reichsstatthalter and the Oberpräsident. It shall set up trusteeship offices

- in Danzig for the Reich Gau Danzig-West Prussia,
- in Posen for the Reich Gau Posen
- in Silesia for the Government District Silesia
- in Katowitz for the Government District Katowitz,
- in Krakow for a section of the Government General of the Occupied Polish Territories the exact limits of which are not yet fixed.

The functions of the Main Trusteeship Office, East, are as follows:

- a) the administration of the property of the Polish State within the territories occupied by the German troops,
- b) the regulation of the monetary and credit system.
- c) The enacting of all economic measures which are necessary in order to delegate the steering of the economy to separate sections of the administration, and the carrying out of any discussions and settlements which may become necessary.
- d) Economic tasks assigned by me in separate cases. Sequestrations, in future, may be ordered only by the Main Trusteeship Office, East, in concurrence with the administrative chiefs concerned, or with the Governor General of the Occupied Polish Territories.

(page 2 of original)

Sequestrations which have been carried out by local offices heretofore are effective only if confirmed by the Main Trusteeship Office, East. Should such confirmation not be pronounced prior to 1 February 1940, the sequestration shall expire.

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CONT'D.

The Main Trusteeship Office, East, can appoint public commissioners (Kommissarische Verwalter) for the administration of enterprises and property values of all kinds. To the extent that such commissioners (Verwalter) have already been appointed by other agencies the Main Trusteeship Office, East can recall them and appoint other commissioners (Verwalter). The public commissioners must be discharged by the Main Trusteeship Office, East. Consequently, the Main Trusteeship Office, East shall in future exercise sole authority with regard to the appointment of public commissioners (Kommissarische Verwalter) in accordance with the decree concerning the appointment of such commissioners in enterprises, plants, and premises in the occupied, formerly Polish territories, dated 29 September 1939 (Official Gazette for the Occupied Territories in Poland No. 7, 1939).

The Main Trusteeship Office, East, can delegate its authority to the local trusteeship office.

Military requisitions and demands for provisions, articles of equipment etc. for the immediate needs of the civil administration shall not be affected by this regulation.

The Main Trusteeship Office, East can issue administrative regulations for the implementation of its tasks. General ordinances to be effective must be published in the official publications of the administrative districts.

Berlin, 1 November 1939.

The President
of the Ministerial Council for the Defense
of the Reich and Commissioner for the
Four Year Plan.

Goering
Generalfeldmarschall.

(page 3 of original)

Note:

Reclassified by virtue of the Decree Concerning the Main Trusteeship Office, East, dated 12 June 1940 (see Deutscher Reichsanzeiger und Preussischer Staatsanzeiger No. 139, dated 17 June 1940). (NI-1308).

CERTIFICATE OF TRANSLATION.

I, DOROTHY E. PLUMMER, USFET 482, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of Document No. NI - 1307.

24 September 1947

(E N D)
- 2 -

DOROTHY E. PLUMMER
USFET 482.

23

(From the Official Gazette - Reichs-und Staatsanzeiger
No. 139 of 17 June 1940, P.3.)

DE C R E E

Concerning the Main Trustee Office East.
(Haupttreuhandstelle Ost).

The structure of the administration in the incorporated Eastern territories has been completed. The greater part of the legislation necessary for that purpose has been concluded. By virtue of the alterations caused by the above, I decree:

Paragraph 1.

Main Trustee Office East.

The Main Trustee Office East shall be the office of the Commissioner for the Four-Years-Plan and shall carry out the functions of the latter within the limits of the jurisdiction vested in it by itself.

Its powers shall be governed by the following regulations:

Paragraph 2.

Official Duties

The official duties of the Main Trustee Office East shall consist of the following:

- a) The administration of property belonging to the former Polish state according to the Decree of 15 January 1940 (Reichsgesetzblatt I, P.174) and other public property and property recognized under public law. With respect to the administration of property situated in rural districts (Landkreise), parishes (Gemeinden) and smaller administrative units (Wojewodschaften) the limitation of powers fixed in conjunction with the Reich Minister of the Interior (Decree issued by the Commissioner for the Four-Years-Plan on 2 March 1940 -V.P. 3238/1 -- shall be decisive.

The Main Trustee Office East shall be entitled to effect definite transfers of legal title in accordance with directives issued by me.

- b) The seizure and administration of property belonging to former Polish nationals.

The Main Trustee Office East shall be entitled to effect definite transfers of legal title in accordance with directives issued by me.

The manner and extent to which compensation shall be granted for loss of property will be the subject of special regulations.

- c) The clarification of debts and claims originating in the incorporated Eastern territories before 1 October 1939; the regulation of these requires the approval of the Reich Minister of Economics and the Reich Minister of Finance.
- d) The regulation of compositions and settlements arising through the incorporation of the Eastern territories into the Reich.
- e) The preparation of compositions with foreign creditors.
- f) The execution of other official duties assigned to it by me in separate cases.

Paragraph 3.

Sequestration and Trustee Administration.

The Main Trustee Office East shall have the sole authority within the sphere of the duties assigned to it to effect sequestrations and to appoint or terminate the appointments of Kommissars.

The appointment of Kommissars by other agencies must be sanctioned by it.

Kommissars must be relieved of their appointments by the Main Trustee Office East.

The regulations contained in the Decree issued on 29 September 1939 (Verordnungsblatt des OKW - Official Gazette of the G-in-C Army - for occupied Polish territory, No. 7/39 P. 21).

Paragraph 4.

Delegation of Powers.

The delegation of powers to local trustee offices (Treuhandstellen) and other official agencies (Dienststellen) is permissible.

Paragraph 5.

Decrees and Administrative Regulations.

The Main Trustee Office East will issue the necessary decrees and administrative regulations for the execution of its official duties.

Decrees will be published in the Deutscher Reichsanzeiger and Preussischer Staatsanzeiger, in the official gazettes (Verordnungsblatt) issued by the Reich Governor (Reichstatthalter) and/or the official publications (Amtsblatt) issued for the administrative districts (Regierungsbezirk).

Paragraph 6

Competency

The competency of the Main Trustee Office East applies to the incorporated Eastern territories. The competency of the Reich Kommissar for the Strengthening of Germanism with respect to agricultural property (including subsidiary occupations connected with agriculture) remains unchanged.

Paragraph 7

Official Assistance

All Reich, regional and municipal authorities and their subordinate offices will assist the Main Trustee Office East and its organs.

The police authorities will be at its disposal in accordance with the agreement concluded between the Reichsfuehrer S.S. and the Chief of the German Police for the enforcement of its measures.

Paragraph 8

Effectiveness

This Decree shall take effect as of the day of publication, by proclamation of 1 November 1939 (Deutscher Reichsanzeiger and Preussischer Staatsanzeiger No. 200/39) shall be void as of the same date.

Berlin, 12 June 1940.

The President of the Council of Ministers for the
Defence of the Reich
and
Commissioner for the Four-Years-Plan.

Goering,
Field-Marshal.

CERTIFICATE OF TRANSLATION

I, Mona A. Macloed, WEP 39347, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of the Document No. NI-1308.

23 September 1947

Mona A. Macloed
WEP 39347

"Frankfurter Zeitung" No. 98 from February 22nd 1941.

"The Haupttrahndstelle Ost"

(Translator's Note: Main Trustee Office East in charge of
economic affairs in the Eastern territories occupied by Germans)

Inspection, Confiscation and Utilization of Industrial Enterprises
in the Eastern Territories.

—: Berlin.

By an announcement of the Delegate for the Four Years Plan dated November 1st 1939, the Haupttrahndstelle Ost (HTO) with its seat in Berlin has been created under the presidency of ex-mayor Max Linker to coordinate the industrial economy of the Eastern territories annexed to the Reich into the economy of the Reich itself, and to utilize it as soon as possible for the present tasks. This task proved extraordinarily valuable and, because of the bad condition of many of the industrial enterprises in the Eastern territories, partially also difficult, even if it were only for the great number of enterprises to be taken care of. According to a census from the year 1930 there were in the Eastern territories 298 big industrial enterprises, ca. 9000 medium-sized and ca. 76,000 smaller industrial enterprises and, further 9120 big and 112,000 small commercial firms as was pointed, put in an article by Max Linker in the new "Vierteljahrsschrift" (Number 4) regarding this sphere of activity of German economy. In this article the head of the HTO describes the general condition (Voraussetzungen) of his job as follows: The Polish administration in these formerly German territories had succeeded in one point. By severing parts from formerly economically coherent territories and by destroying the natural coordination with the greater German economy necessary for its success, in many places real chaos developed which caused many promising branches of the economic life to die. There is no doubt therefore, that the annexation of these Eastern territories during the war has put before the German economy a task which for its timing as well as in regard to the cultural, economic and social conditions and untended, must be considered as happening but once.

The tasks assigned HTO are: administration of the property of the former Polish state; regulation of the money- and credit-system; ordering of all economic measures necessary for the transition to the individual administrative branches; settlements and accounting connected herewith, as well as seizure, administration and later disposition of the property of the citizens of the former Polish state, as far as confiscation comes into consideration; settlement of the debts and assets occurred in the Eastern territories before October 1939 and also preparation for the settlements with foreign credits. The legal bases are, besides others, the decree of the Delegate for the Four Years Plan regarding the securing of the property of the former Polish state dated January 15th 1940 and the decree regarding the disposition of the property of the citizens of the former Polish state dated September 17th 1940. Already because of the great extent of these manifold tasks, the work could not only be centrally directed from Berlin but the HTO needed quite a number of branch offices. Local trust

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Cont'd

offices have been created in Gensig-Gombel, in Posen, Litzmannstadt, Ziempski and Katt with to which in their turn in some cases further branch offices for the consideration of local interests have been attached. As to details of the work done up to now the Malloy explains besides other: The coal and iron mining industry in Upper-Silesia has been reorganized according to the directives of the Directorate for the Four Years Plan. The working energy producing plants were partially combined and partially left to the same to be administered by them. The textile industry of Litzmannstadt and Bielitz is already restored to a far greater degree; of those more than 4000 enterprises, at the time being, only the modern, efficient first class were put in operation whilst a great number of enterprises which are worth being maintained, are being kept up for later reopening of operation and a very great number of technically inadequate enterprises have been closed down for ever. The utilization of the machines which were made available, as far as they can still be used at all, has been prepared and partially already been carried out. A very great part of the numerous small and smallest commercial and handicraft enterprises do not offer a sufficient basis for subsistence within the frame of the German settlement of Eastern territories or that HTO collaborating with the Reich group (Reichgruppe) and the Reichsverband der Handwerker (Reich guild for handicraft) had to inaugurate a program first.

As far as the industrial enterprises had to be confiscated and had not been closed down kommissarische Verwalter (Translator notes: commissary managers) have been appointed who are under the supervision of the local trustee offices (Reichsamt für Arbeit und Arbeitsschutz) and this in almost all cases with the Reichsführer SS in his capacity as Reich commissar (Translator's note: Reichskommissar) for solidification of Germanism and taking care of the interests of the Germans who are now coming back (Translator's note: Für die Festigung deutschen Volkstums zur Abwehr der Interessen der völkischdeutschen Rückwanderer). It is just that roadsters who shall be given the opportunity practically to prove their value as commissary managers with a view to later in acquiring the objects administered by them and thus finding a new existence. Besides these, first of all the local Volkdeutschen were considered as commissary administrators in order to give them an opportunity for the development of their administrative activity. Through the utilization of the properties put in charge of the HTO has already begun because the administration is interested in full exploitation of private initiative, the reservation of a sufficient part of the administered property for the veterans returning after the war, is considered equally important. For this purpose big proportions are being made as HTO puts considerable funds at the disposal for the maintenance and equipment of enterprises which will prove profitable in the long run. Because it is considered as basically important that the prospective acquirer of these enterprises take them over in a state that guarantees a bare basis for a living. In this connection also the far-reaching tax-reductions in the Eastern territories for the granting of which HTO has cooperated must be considered. For the utilization a certain rating has been set up. In the first place it is the local Volkdeutschen in the incorporated Eastern territories who will be considered as potential acquirers, in the second place the dependents of resettler-groups who are settling down at the place as far as they are working in an industrial

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Cont'd

enterprise, born citizens of the Reich who had formerly been living in the annexed Eastern territories and had been forced by the Poles to leave and at last, as far as not against the interests of the first groups, also other citizens of the Reich who want to create themselves a new sphere of enterprise in the Eastern territories.

A special task is the settlement of the assets and debts occurred on the property before October 1st 1939 which is put in charge of HTO. In the meantime the general prohibition of payment which had been necessary in the beginning has been considerably eased by various decrees in favor of German and foreign creditors from neutral countries. In this direction apparently further progress will be made soon because the article states that a general legal settlement of the questions in connection with these or blogs is to be expected. In this connection it may be mentioned that a few days ago by an announcement of HTO in the Reichsanzeiger (Translator's note: official journal) some legal transactions by acting administrators (Kommissarischer Vorwarter) were made dependant upon previous permission by the trustee offices, e.g. change of firm names, calling for general, partner and mining shareholders (mining-Gewerkschaften) meetings, issuing of shares or blanko indorsed pledges (blanko indorsierte Verpflichtungsscheine), sale and mortgaging of ships, stocks (Aktienpakete) and participations in cartels and agreements that control the market.

Not to be mistaken for Hauptwohnungsbau Ost is the Deutsche Umsiedlungs-Treuhand GmbH (DUT) (Translator's note: German resettlement-trustee Inc.) with its seat in Berlin and branch offices in Posen, Litkhanstadt, Danzig, Innebruck and in the future probably also in Kattowitz, which by order of the Reichskommissar for the solidification of Germanian settle the questions regarding property transaction of the various resettlement campaigns. "DUT" provides the individual resettlers with adequate values for their property left in the countries from which they are coming and further takes care of the refinancing of the credits to be granted to the resettlers for starting operation of the enterprise; naturally it closely collaborates with HTO.

CERTIFICATE OF TRANSLATION

I, HILDE MEYER, ACO No. D-429874, hereby certify that I am thoroughly conversant with the German and English languages; and that the above is a true and correct translation of Document No. 51-3742.

HILDE MEYER,
U.S. Civilian
ACO D-429874.

END

A F F I D A V I T

I, MAX WINKLER, after having first been warned that I will be liable for punishment for making a false statement, state herewith under oath, of my own free will and without coercion, the following:

In the fall of 1939, Goering, who was then a Fieldmarshal, appointed me head of the Main Trustee Office East (HTO). Goering knew that I had been trustee of the Reich for years. The appointment was made by Goering personally and he summoned me for this purpose.

I was given no special directives for my activities. The Four Year Plan was generally decisive. It was part of my functions to receive the money which Germans paid for the acquisition of Polish property.

I was given no general or specific directives as to what was to be done with the amounts received by the HTO. I acted according to my conception of duty and according to the general principles which as a trustee I had observed for years.

The amounts paid in to my office accumulated rapidly and finally exceeded one and a half billion Reichsmark. I deposited these funds in HTO's name with various German banks which paid the usual rate of interest on them. Later on I subscribed for Reich bonds. In 1942 the Reich Minister of Finance requested me to transfer these amounts or the bonds bought in exchange for them to the Reichshauptkasse, (Treasury of the Reich). He met my objection that this was foreign money by pointing out that the Reich too would carry these amounts as foreign money. I do not remember whether the Reich paid interest as the banks did.

One of the first laws issued with regard to Polish property provided that a settlement was to be made as to whether and to what extent the former Polish owners should be indemnified. When Goering entrusted me with my task, I, too, asked him whether an indemnification for expropriated private property was planned. At that time he answered in the affirmative. In reality such decrees have never been issued. I therefore approached Goering once more and reminded him that directives were to be issued for the indemnification of the expropriated property. Goering promised each time to issue such directives; but nothing was done about it. It must have been in the fall of 1940 that Gauleiter Koch informed me officially that the Fuehrer did not wish the question to be taken up at present; I was to refrain from further requests.

There were special directives on the question of which persons or firms were eligible to acquire Polish property. Among others a certificate of Aryan descent was required, as well as a certificate of professional qualifications. Where bigger objects were concerned, other government agencies, for example the Reich Minister of Economics, intervened too. I myself had my office in Berlin where HTO had its headquarters. Apart from this, branch offices of HTO existed on the spot - i.e. in Poland.

I myself did not negotiate concerning Farben's acquisition of Boruta; as far as I remember Herr Jakob Herrie was competent for this; I might be mistaken, however.

I have carefully read this affidavit and have signed it personally. I have made the necessary corrections in my own handwriting

(page 2 of original)

and initialed them and I declare herewith under oath that I have given the full truth to the best of my knowledge and belief!

--- MAX WINKLER ---

Sworn to and signed before me this 9th day of September 1947 at Palace of Justice, Bamberg, Germany, by MAX WINKLER, known to me to be the person making the above affidavit.

ERDOLPH H. NEUMAN, Attorney,
U.S. Civilian ACO B 39 77 12
Office of Chief of Counsel
for War Crimes, U.S. War
Department.

CERTIFICATE OF TRANSLATION

I, Mona A.M. Macleod, MEP 38347, hereby certify that I am thoroughly conversant with the English and German languages; and that the above is a true and correct translation of the Document No. NI-10727.

Mona A.M. Macleod,
MEP 38347.

End

-2-

(page 1 of original)

Minutes

of the 26th Meeting of the Commercial
Committee, 20 October 1933, in Berlin NW 7.

Present:

Gehelarat SCHLITZ
von SCHNITZLER Chairman
FISCHER
HAEFLIGER
ILGNER
MANN
MUELLER
OSTER
OTTO
VAISEL
WEBER - ANDREAE

In addition:

BURL
BUEYEFISCH

And intermittently:

DEISSMANN
TERHAAR Recording Secretary

1) Industrial problems in the occupied Eastern Territory.

a)

b) Dr. DEISSMANN presents detailed report on the events in Warsaw and on his own activity as commissar of all Farben agencies working in Warsaw. The report discloses that there has been no loss of human life in Farben agencies and that all the offices are also intact. On the other hand, a large part of the stock is lost, particularly the chemicals and dye plant on the so called Danziger Station. Samples are being taken from parts that were not burnt and being tested in the plants as to their further usefulness. Nothing can be said at the moment on the prospects of collecting accounts due from customers and on the solvency of the Warsaw banks. In regard to the dye plants it has been ascertained that Winnica is intact and can continue to operate on its own means, provided the Warsaw banks remain solvent. On the other hand, the Boruta plant in Zgierz will probably be

(page 2 of original)

insolvent. Dr. DEISSMANN is commissioned to notify Messrs. SCHWAB and SCHOENER of the attitude of the Commercial Committee to the effect that Farben is on principle willing to

establish a buffer company (Auffanggesellschaft) for the purpose of continuing to operate Boruta under trusteeship, provided it is guaranteed that Farben's advance payments are repaid with appropriate interest. If necessary, an acceptable solution would be to mortgage the plants in favor of Farben as a lien for its claims. As soon as Messrs. SCHWAB and SCHEINER have contacted the local military authorities to this effect, they will be requested to come to Berlin, so that the matter may be followed up here with the agencies concerned. Prior to that it would be desirable that Dr. SCHEINER make an inspection of the Sandomir plant in order to ascertain whether apparatus is already installed there, the transport of which — be it to Germany or to Zgierz — would be of interest.

c) Furthermore, on his way back to Warsaw, Dr. BRISGLAU will call on the local chief of the civil administration in Poznan, in order to clarify the appointment of a trustee for the "largest chemical industrial plant" located there — it is not yet known which plant is involved.

.....
.....
(page 3 of original)
.....

II. Reichswerke Hermann Goering. . . .

The entire activity of the Hermann-Goering-Works in the Eastern Territory is receiving careful attention. Farben takes a positive attitude as to collaboration with the Hermann-Goering-Works. Dr. BUEBISCH will see Herrn FLEIGER within the next few days about hydrogenation and nitrogen problems and will avail himself of the opportunity to express Farben's preparedness, on principle, to cooperate. All other questions connected with the problem of the Hermann-Goering-Works will be left in abeyance for the time being, until a report is on hand from Dr. BUEBISCH on the subject of his discussion with Herrn FLEIGER.

.....
.....
(page 5 of original)

(signed:) von SCHEINER

Berlin, 26 October 1939
/Bs. 26/39

CERTIFICATE OF TRANSLATION

I, D.L. Galewski, ETO 34079, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of the Document No. NI-5947.

18 September 1947

D.L. Galewski
ETO 34079

Reu

TRANSLATION OF DOCUMENT No. HI-1149
OFFICE OF CHIEF OF COUNSEL FOR AIR CRIMES

Dr. Carl JUSTER
I.G. Farbenindustrie Aktiengesellschaft

4 illegible initials in pencil
F 11/1

To:
Director Dr. BUEHLEN
I.G. Farbenindustrie A.G.

Ludwigshafen a.Rh. 23 November 1939
Telephons 6496

Registered

Bitterfeld

(stamped)
Bitterfeld
Secretary's Office
Received: 24 November 1939
Replied:

Subject: Journey to Poland

Dear Dr. BUEHLEN:

As agreed upon I beg to attach herewith notes on my trip to Poland which, however, were dictated rather hurriedly. I should be interested to read your report also.

With kind regards and Heil Hitler

Yours

signed: Dr. JUSTER

(written notes)
for the attention of
Director VERLANGE
(two words illegible)
has been retained.

Enclosure:

(page 2 of original)

Pencil note: Draft

F 11/1

Report on the inspection of some chemical industrial plants
in Poland between 26 October and 1 November 1939.

The schedule of the trip covered:

Berlin - Bauthen - Bedzin - Giesstothow - Potrikow - Tomaszow - Lodz
(detour to Ujazd and Miedow) - Zabjenice - Zylork - Lowicz -
Sochaczow (detour to Boryszen and Chodakow) - Warsaw - Warsaw-Praga -
Jablonna - Warsaw - Grojec - Radom - (detour to Pionki near Kozenice)
- Kielce - Jedrzejow - Cracow - Cottowice - Bauthen - Berlin.

The journey was made by the following gentlemen:

Dr. FUHLAND, Reich Office for Economic Expansion (Reichsstelle
fuer Wirtschaftsausbau) Berlin,
Director Dr. JUSTER, I.G. Ludwigshafen
and Dr. ROHMES, I.G. Hoechst, as interpreter for the Polish language.

(page 2 of original, continued)

Car No. II B 13 591 Mercedes of 2,9 liters capacity, with driver POSEK from the I.G. Ludwigshafen, was used for the journey.

The whole trip was completed within 5 days, starting from and returning to Bautzen.

Only by using a good motor car capable of covering safely approximately 1500 kilometers, sometimes on extremely bad roads, was it possible to complete the trip within this very short period. The interpreter who accompanied us and who had a fluent knowledge of the Polish language, proved to be especially useful in the selection of the routes to be taken, as well as primarily in the negotiations at factories where sometimes only Polish workers or master workmen were present.

In accordance with the directives received, the following firms were visited in the order stated below:

- 1) Tomasthova Kunstseidenfabrik A.G.
(Tomaszowska Fabryka Sztucznych Jedwabiu S-ka Akc.),
Tomaszow-Mazowiecki Works (Piotrkow near Lodz)
- 2) Chemische Industrie "Boruta" A.G.
(Przemysl Chemiczny "Boruta" S-ka Akc.),
Zdziars Works near Lodz.
- 3) Fabjanice A.G. fuer chemische Industrie
(Fabjanicka S-ka Akc. Przemyslu Chemicznego)
Fabjanicka Works at Fabjanice, 5, Pilaudskiestrasse
- 4) "Nitrat" A.G. Polnischer chemischer Fabriken
(Polskie Zaklady Chemiczne "Nitrat", S-ka Akc.)
(page 3 of original)
Niewindow Works near Ujazd.
- 5) Kunstseidenfabrik "Chodekow" A.G.
(Sztuczny Jedwab S-ka Akc.)
Chodekow Works near Sochaczow.
- 6) "Nitrat" A.G. Polnischer chemischer Fabriken
(Polskie Zaklady Chemiczne "Nitrat", S-ka Akc.)
Borysaw Works near Sochaczow
- 7) Chemische Werke Ludwig Spiess & Sohn A.G.
(Przemyslowo-Handlowe Zaklady Chemiczne Ludwik Spiess i Syn, S-ka Akc.)
Tarchomin Works near Jablono, north of Warsaw.
- 8) J. Francuski A.G.
(S. Francuski S-ka Akc.)
Warsaw Works

(page 3 of original, continued)

- 9) Staatliche Pulverfabriken
(Panstwowe Wytwornia Prochu),

Pionki Works between Radom and Kosice.

- 10) Staatliche Pulverfabriken
(Panstwowe Wytwornia Prochu),

Kielce Works (as to the iron pyrites pit at Kielce, only verbal negotiations took place during this visit.)

Apart from inspecting the factories, the following authorities were visited:

- 1) Director REHL, Breslau (Vereinigte Glasstoffwerke)
- 2) Chief of Civil Administration at Lodz,
(spoke to Government Assistant Counsellor KALTENBAEUSER),
- 3) Director Dr. SCHMIDT, I.G. Farbenindustrie A.G., in his capacity as commissioner for the works of the "Beruta" A.G., the chemical works sole near Tomaszow and the Angloamerikanische Chemische Werke A.G. in Linnich (Zaklady Chemiczne "Linnich, S-ke Akc.) 18 kilometers northwest of arzew.
- 4) Booth Collection Center Bochum
(spoke to Captain WEST from the 110th Engineer Construction Battalion in his capacity as manager of the gun-powder factory at Poriszow).
- 5) Chief of Civil Administration in arzew.
(spoke to Government Assistant Counsellor Dr. von COELM).
- 6) 1st Lt. AHL from the 71st Police Battalion as acting manager of the State gun-powder factory Pionki, Pionki Works.

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In the following report, details will be given in the order indicated above about the inspections of the different works, and the discussions which took place; a knowledge of the information on "the most important chemical firms in Poland", given in memorandum No. 3609, issued by the Economical Department I.G. Farbenindustrie A.G. Berlin No. 7, dated 28 July 1939, is presupposed. We should like to state that these particulars proved extraordinarily useful in the course of our tour. Any inaccuracies in them have been rectified in the following report.

- 1) Tomaszowa Kunstseidenfabrik A.G. (Tomaszow Artificial Silk Factory A.G.)
(Tomaszowska Fabryka Sztucznych Jedwabiu S-ke Akc.)

Tomaszow-Kasowicki Works (Piotrkow near Lodz).

(page 4 of original, continued)

The works had 5-6000 male and female workers on its payrolls before the war. At present 1300 workers including 150 women are being employed there. 50 % of this total are still engaged in clearing-up work.

The works' output, in pre-war days, amounted to 14 tons per day of artificial silk, 10 tons per day of cellulose wool, and one ton per day of viscose fibre (celloghane), that is a total of 25 tons per day or 9000 tons per year of artificial fibre. On the very first day of the war the works were subjected to air raids, in the course of which approximately 100 bombs exploded on the premises. However comparatively small technical damage was done, although one of the bombs actually hit the power plant. The casualties were 12 workers killed and 25 injured; in addition, out of 63 spinning machines one was completely destroyed and 3 were partly destroyed. Two unexploded bombs are still buried in the ground under one of the spinning shops.

8
Own power-plant producing counter-pressure. Five boilers with an air pressure of 25 to 30, with moving grates and 5000 kw installed with the corresponding reserves. (One turbine for 9000 and three turbines for 3000 KVA as a reserve). The power-plant is at present being overhauled, but is in practice capable of being used.

Carbonic disulphide plant, constructed by the firm Zeiss & Co., Berlin, for an output of 350 tons per month of CS₂ (carbonic disulphide) (7 blocks with 4 retorts each) wholly undamaged. After being overhauled the plant would be ready for service within four weeks. Sulphur stocks for three months. Sulphur supplies from Italy. Cellulose stocks for three months, 50 % from Poland, and 50 % from Norway. Sulphuric acid supplies for 12 days at the present rate of production

(page 5 of original)

8
of 11 tons per day of cellulose wool; good storing tanks with a capacity of 500 tons of sulphuric acid. There are 4 sulphuric acid tank-wagons available at the works. The sulphuric acid used is at present supplied from the stocks of the Wierst A. F. at Kiewitow, and transported in tanks (partly on horse-drawn vehicles!). The state-appointed manager, Herr Witzel, counts on future supplies of 35 tons per day from Kielce (viz. section 10 of the report). Sulphuric acid formerly also came from Thorn, Lubin, etc. Sodium lye in its solid state was brought in barrels from Salvey, and the factory also has a correspondingly well-equipped dissolving installation with 8 tanks, each with a capacity of 20 tons. Sodium lye tanks for settling the alkaline solutions were badly damaged by blast, the majority of them however can be repaired by welding.

Details regarding the number of the sulfidation drums (Sulfidiertrommeln), spinning machines, baths etc. in the factory can best be obtained by approaching the official German trustees personally.

Englishmen, Frenchmen, Dutchmen, and Belgians took part in the technical construction.

It is of interest that, in this works, as much as 30 % of the entire amount of the carbonic disulphide used was realized by vaporization and low temperature processes. The installations were constructed by a German engineers' firm, which had also installed similar equipment at the Plauen cellulose wool factory.

(page 5 of original, continued)

There are, in addition, facilities for reclaiming sodium sulphate from the spinning baths, and calcination ovens for the extraction of anhydrous sulphate.

It is also of interest, from the technical point of view, that sulphide of sodium is obtained by means of a solution of sodium lye from the waste gas with sulphurated hydrogen content in the waste air. The sulphide of sodium is used for the desulphurizing of the fibre.

Besides, there are small electrolytic cells for producing directly from sodium chloride the small supplies of bleaching lye needed for the works' own use.

There are no difficulties regarding wages at present. The Jewish directors, it is true, disappeared, taking about $\frac{1}{2}$ million Zlotys along with them, but, as it was possible to recover and confiscate the greater part of the money at the War Control Office, wages still outstanding for August (before their departure) should also still be paid out. The workers employed are all willing to work. There are already possibilities of sale to the Lodz textile industry again, with the result that certain returns are coming in.

In addition to the departments actually producing artificial silk and cellulose wool there is also a fairly large processing department, including a twisting mill, a spinning mill, and also a dye plant, all of which are completely idle at present. (It is a wellknown fact that in Germany the introduction of the new state of artificial fibre with certain finishing processes, such as we encountered again at Chodakow (Section 5) is not customary.

The state-appointed manager, Herr TOSHL, believes that with some small additional means he could manage to raise the total original output from 25 tons of cellulose and artificial silk per day to 40 tons per day (the equivalent of 14,400 tons per year).

The general impression given by the Tosznow plant was indeed excellent; the technical construction of this plant would do honour to any German firm. It is equipped with the very latest apparatus and machinery, and the foundries are faultless from a technical point of view. The external general impression is also good.

Final Opinion:

The plant is to be considered as a valuable asset; its situation in the economic field of Greater Germany, with regard to the Lodz processing textile industry, would be a favorable one; there are no particular difficulties in transporting the chemicals. The drainage system is satisfactory; coal supplies also are not too far distant; satisfactory labor is available.

In case of removal the greater part of the apparatus installed could immediately be put into full operation elsewhere.

(page 5 of original cont'd.)

2.) Chemical Industry "Boruta" S.G.
(Przemysł Chemiczny "Boruta" S-ka Aka.)

S. Jara writes near Lodz.

The plant is at present under the State appointed trustee-management of Director Dr. SCHUBERT, I.G. Farbenindustrie Werk Wolfen-Farben-fabrik as commercial representative, together with Director SCHUB. (page 7 of original)

The plant employed 500 workers before the war, at present however it employs only about 300 for only 3 days in the week.

Steamboiler installation with a movable grate, 25 psi pressure, 25 t static pressure and 410 sq. gr. area, has been delivered by the firm of Cegielski in Poznan; the boiler house has been built large enough to provide room for a second boiler. The stocks of coal are sufficient for 3 months, and it is interesting to note that this is stored in a concrete building. Current was supplied at the price of 9 Zloty/kwh.

A perfectly new laboratory and 3 tanks for sulphuric acid are in existence there.

The production process and the corresponding installations comprise intermediate products for dyes, 3-acid, Toluene-acid, H-acid, Benzophenone and others. As far as dyes are concerned Anthraquinone-dyes, sulphur-dyes and some Azo-dyes were produced. The production process further includes chemicals for the acceleration of vulcanization and hydro-sulphite (1.6 tons per day, only in operation since 1937; the necessary sulphur was obtained from Kattowitz, and SO₂ was made from sulphur with intermediate concentration process in water; stocks of materials with rubber parts are low; in the hydro-sulphite plant an ammonia-cooling plant is under construction in spite of the ice-strike.)

150 tons of dye are in storage in an entirely new and well constructed depot. These are being gradually sold to the textile industry in Lodz.

As is frequently done in Poland and Scandinavia, ice is obtained from a stream like during winter and stored in large depots covered with saw-dust. This replaces an artificial ice plant.

For the production of nitric-acid there is an old distilling plant using sulphuric and sulphuric acid; the sodium bisulphate obtained in this process was sold; recently however nitric acid was obtained from Kattowitz.

Zinc-salts are no longer made; the zinc-oxide waste from the hydro-sulphite production is sold direct. There is absolutely no sulphuric acid plant; an old warehouse building looks as though it might once have housed an installation for the production of sulphuric acid by means of the carbor-process.

(page 6 of original)

There is only one distilling installation in which the 65 % fuming sulphuric acid (Olum) delivered to the plant is converted into 25 % fuming sulphuric acid (Olum) by the absorption of the distilled gases in the 66 % acid. Fuming sulphuric acid (Olum) was formerly obtained from Kattowitz; at present the necessary sulphuric acid is obtained from Upper Silesia.

(page 8 of original, cont'd.)

It is interesting from the point of view of war economy to note that the factory has a technically perfect installation for the manufacture of picric-acid with a capacity of 12-15 tons per month (15 tons in stock), also a di-nitro-naphthalene-plant with a capacity of 10 tons per month.

Finally there is a small installation for the production of Chloro-tri-nitrophenol which has however not been employed since 1936 and has only produced small quantities to be used as tear-gas for police purposes. 65 kg are still in stock.

Rocksalt comes from Kalicka, carbonate of soda from Solvay, chlorinated lime and liquid chlorine from Mosciowa, sodium-nitrate from Chorzow, and mineral-oil for certain burner units from Drahobyza. Trichloride of phosphorus can be made by the plant itself from phosphorus in a small installation of minor capacity.

An entirely new building for dealing with pharmaceutical products has just been completed and installations are being made. Production had not yet started.

Sufficient labor is available, and small amounts of money could be obtained by confiscation. At present sales are being made again, and by cashing in outstanding debts when new sales are made, a certain amount of money is produced.

Final opinion

The general impression made by the factory is that of an older dye-factory without any interesting new technical developments. Production figures are satisfactory and it is quite conceivable that the factory works on a small scale as far as the requirements of the textile industry of Lodz are concerned. The grounds of the plant are large enough for a certain expansion. Drainage conditions are satisfactory because of the proximity of the Saur river.

It would be expedient to dismantle the installations for picric-acid, dinitronaphthalene and chlorotri-nitrophenol; in our opinion the other

(page 9 of original)

production units continue their work best by remaining where they are.

Dr. SPILVOZEL also had the opportunity to inspect the dye factory Wola - 12 km south of Warsaw. This is a very small private plant owned by some private persons producing a small amount of azo-dye. The only thing that might be worth confounding is a Preheating-steam system for the production of benzene-sulfonate-acid.

(The names of the three main "partners" were SPILVOZEL, GOLDFISCH and LUBKOWSKI.)

A yeast- and spirit factory is also linked to the small plant. To save time and in view of Herr Dr. SCOPPEL's opinion we abstained from inspecting it.

(page 9 of original, continued)

Herr Dr. SCHEMME reports to us that "Boruta" had a new plant under construction in Syromy in the so-called central industrial reservation. Amongst other things a new modern chlor-electrolysis plant of the firm of Krebs is said to be there (Herr Director BUBERIN will report about this plant, he has inspected it as part of his travelling program).

We likewise obtained from visiting the Janina plant, Janinower Chemische Werke A.G., near Henricow, since Dr. SCHEMME has already made a close inspection of this plant, which is in perfect order. It employed only about 60 workers and produced exclusively some synthetic dyes and the corresponding intermediate products. Further there is a small plant for the production of synthetic anthraquinone from anthracene by the I.G. system, which indeed received via the "Stablisament Kuhlmann S.A. Paris" is also situated there. It will be expedient to enlarge this installation at some time so as not to make it accessible to third parties from a technical point of view.

3.) Fabjanicki A.G. for Chemical Industry
(Fabjanicki S-ka, Przemyslu Chemicznego)

Plant Fabjanicki in Pofjanice, Pilsudskiestrassa 5

We carried out the inspection of this plant on a Saturday afternoon. None of the leading technicians was present. We were however conducted round in a satisfactory manner by a foreman who has been at the factory for 32 years. We intentionally restrained ourselves from making detailed inspections since the firm belongs to the "Ciba", Basel, and we wanted as far as possible to avoid giving the impression

(page 10 of original)

of industrial espionage towards a neutral.

The factory employs 284 men, 50 of whom are craftsmen. At present it works only 4 days a week. Heavy chemicals such as sulphuric acid, caustic soda, nitric acid, are obtained exclusively from outside sources. There is a formalic-acid plant with a capacity of 600 tons a year using caustic soda and carbon oxide, further more azo-dyes, sulphur-dyes, vat-dyes, intermediate products, yeast and a number of pharmaceutical products are being manufactured. The sodium-bisulphate installation, which we had expected to find, is not in existence; this was in connection with by-products from the formalic-acid factory.

On the other hand sodium sulphide for the production of sulphur dyes made of bought sulphate in manually operated furnaces is being produced for the firm's own requirements and for sales amounting to several thousand tons per year. In the sulphur-dye production thio-sulphates are obtained as by-products.

As regards power plants there are 2 steam boilers each with a grating area of 280 sqm. Electric current is obtained at the rate of 10 Zloty. 8 hits were sustained through artillery action, but practically no damage was done.

It could be clearly ascertained that no K-Stoffe (poison-gases) were produced.

(page 10 of original, continued)

Final Opinion:

The general impression given by the plant is that of a clean and well-run dye and pharmaceutical factory. A market for all products should be available within the wider immediate neighborhood.

In view of the Swiss ownership interference of any kind is not advisable or at least should be coordinated carefully beforehand with all the Government offices concerned.

4.) "Nitrat" A.G. Polish Chemical Factories
(Polskie Zakłady Chemiczne "Nitrat", S-ka (Aco.))

Niewiadów plant near Ujazd.

Construction of the plant was started in 1923, and in 1935 it was expanded. At present it is under military guard and is not in operation (Lt. Gross and Lt. Wisur). The plant was severely attacked on the very first day of war by planes which however dropped most of their bombs only in the vicinity, particularly on the railway line.

(page 11 of original,)

The Poles however set fire to the plant themselves.

Of the production installations for Dinitrotoluol and Trinitrotoluol about 1/3 were burnt out and destroyed, 2/3 are in perfect working order and intact (e.g. 5 nitrating units were destroyed out of a total of 12.)

8 tons per day of Tetrylene were being produced. 70 tons of explosives and 800 tons of toluene are in stock, part of which are buried and well camouflaged in the surrounding woods.

The necessary nitric acid was made on the spot from nitrate and sulphuric acid; and in addition de-nitrating apparatus is available. The waste acid was passed on to the superphosphate factory which also exists there. Raw phosphate is no longer available; there is superphosphate, on the other hand, which is however gradually being completely distributed to agriculture in the neighborhood.

For power generation there are 2 boilers of 8 atm pressure^{each} and electric current was also obtained from outside. The water supply comes from 4 good wells. There are still 6 acid tank wagons at the plant. Sulphuric acid was bought from Kialco and Palchem.

Final Opinion:

The plant is not well situated with regard to transport facilities. It is recommended that dissent lines should be speeded up and that the apparatus should be utilized in Germany as far as possible; the stocks are of course likewise to be taken away immediately.

(page 11 of original, continued)

5.) Rayon factory "Chodzko" S.A.
(Statyczny Zakład S-ka Koc.)

Chodzko plant near Sochaczew.

The plant is at present under the direction of commissioned trusted TUSHL who has been mentioned in connection with Tomaszow, and who has appointed a certain engineer DIEKMAN (also from "Glanzstoff" Breslau) as manager; furthermore there is a Polish chief engineer called POSWINSKI.

8 Surprisingly enough the plant suffered practically no damage, although it is only a few kms distant from the completely destroyed Sochaczew. The latter was practically entirely destroyed in the severe fighting on the Bzura (it changed hands 4 times within a few days). Production capacity: 6 tons per day of synthetic wool and 7,5 tons per day of rayon, making a total of 13,5 tons per day or about 5000 tons per year of synthetic fibre.

(page 12 of original)

Of special proportions artificial silk toned down with Titanium white is being manufactured among other things.

Good power installations: 3 boilers with a heating surface of 200 square meters each for air pressure 23; 2 boilers with a heating surface of 250 square meters each for air pressure 26; a few brand-new boilers with a heating surface of 400 square meters; total coal consumption before the war approximately 115 tons per year; certain quantities still in stock.

8 Raw materials and auxiliary products were obtained as follows: cellulose from Poland and Scandinavia, sulphuric acid from Thorn, caustic soda from Solvay, carbonic disulphide from Tomaszow.

The usual installations such as installations for soda lye manufacture, plant for treating alkaline cellulose with tetracarbon disulphide, spinning machines, etc. are available. There are also certain processing plants as at Tomaszow.

Numbers of workers employed before the war approximately 2000.

The process of reclaiming carbonic disulphide is not in operation; there is however the possibility of producing sodium sulphate which had not yet been exploited practically. There is no calcination plant for the manufacture of sulphate. There is still a stock of cellulose for the production of 1100 tons of cellulose wool.

At the time of the inspection the works were still being used as a Polish hospital (approximately 700 wounded men), but preparations are now being made to get the plant into operation.

Final opinion:

The plant which was constructed with French and Swiss aid gives, in part, an even more modern impression than the plant at Tomaszow. As well as being equipped with good technical apparatus, the plant has grounds planted with greenery on a generous scale, there are good social amenities etc.

(page 12 of original, continued)

For the duration of the war at least the most economical use of the plant will be achieved, if the plant can be operated to capacity again as soon as possible. This would be technically possible at once, if the units of the apparatus could be installed without difficulty in plants on the territory of Greater Germany.

(page 13 of original)

6.) "Nitrat" S.A. Polish Chemical Factories
(Polskie Zakłady Chemiczne "Nitrat", S-ka Aka.)

Borysow plant near Sockaczow.

The plant was built with Belgian aid in 1920 and was partially expanded in 1939. The extensions scheduled for 1939 were not completed, e.g. an entirely new and modern power-station is only now under construction.

8 Strangely enough, this plant also, though situated in the immediate vicinity of Sockaczow, was not damaged at all, and the Poles did not set fire to it. It was the first plant we found which was very well camouflaged, and thus it was apparently not recognized by our air force.

8 There is no longer any technical personnel at the plant; a Polish worker conducted us during our inspection and could give us very little information. The plant employs several hundred workers and produced explosives from nitro-cellulose, which it obtained from Flonki; in addition it produced strips of compressed powder and hunting ammunition. The plant is distributed in the usual way among many separate buildings. There are entirely modern units of manufacturing apparatus, some of which have never been used. As now, for example, several machines so near completion that only the electric connections were missing, and these had already been prepared. According to the detailed production program there is no turnover of chemicals at this plant.

In the immediate neighborhood there is a distillery producing raw alcohol from molasses at a rate of 200 litres per hour. The distilling apparatus of this factory was also used for the re-distillation of alcohol and ether from the explosive factory. The two installations for copper distillation (Kupferdestillationskolonnen) are brass-bow and very serviceable.

With regard to Borysow we refrain from making out a list of all the pieces of apparatus there, and we did not make an inventory, as we learned that the Army Ordnance Office (Dr. von PETZOLD and von WEDEL) had made a thorough inventory before our arrival.

At the plant we noted with interest really well equipped class-rooms for Air-Raid-Protection instruction. There were pictures showing the possibilities of air-raids and gas-attacks in a way quite similar to that in which it is done in our Air-Raid-Protection instruction. All the technical devices and equipment necessary for dealing with (page 14 air-raid damage were available. Among other things there were also of origin- al) large samples of chemicals for erecting smoke screens, poison gases, etc. There were no trade-marks discernible on the packages, but it would be advisable to have these stocks examined carefully. We asked the captain present to leave the objects on the spot.

(page 14 of original cont'd.)

Final Opinion:

This plant was well planned and constructed as a small explosive factory; as far as machinery is concerned, it is exceedingly well equipped; as the construction work constitutes a comparatively insignificant component of the whole plant, we recommend the immediate dismantling of the entire apparatus including the distillery.

- 7) Chemical Works Ludwik SPIESS & Son,
(Przemysłowo-Chemiczne Zakłady Chemiczne Ludwik Spiess i Syn, S-ka Akc.)

Merchandise plant near Jablona, north of Warsaw.

8 This factory was inspected on the description East of sulphuric acid factory was connected with it. The inspection showed that this was not the case. The disintegration was because sulphuric acid had to be bought jointly with another and was then sold in retail.

8 The factory has surprisingly not been damaged by the fire, despite the enormous and serious damage which it has suffered. Before the war the factory employed 300 workers. Its director at present is the Chief of the Research Laboratory, a certain Dr. Stefan OKOLSKI (Dr. Okol), who received us and conducted us round the factory. The firm is engaged on various chemical products, and in view of the secrecy of installations in the country it was given official recognition as an essential plant by the Chief of Civilian Administration. The firm, which was established in 1823, is occupying quite modest premises, but manufactures a large variety of very important products, some of which are of considerable value. As regards power, there is only a small boiler installation with a capacity of 1,000 tons of coal per year. The following installations were inspected: methacrylic acid fermentation plant, plants for the production of ethyl bromide, silver nitrate, benzoin from wool fat, chinolin, hexachloric acid, orcinyl (harmless product used in pregnancy), vitamin D (in this matter they are collaborating with 'SNC'), a small vacuum distillation, an installation for the manufacture of sulphuric (Sulfurochlorek), paraffin, silverware, and finally various smaller installations for the manufacture of organic preparations & extraction and for other.

(page 15 of original)

Final Opinion:

From the practical point of view two minor equipments of the firm were of no particular interest to us. Instances of work might be in the interest of the revolution.

- 8) J. Franaszek & Co.
(S. Franaszek S-ka Akc.)

Factory Warsaw.

This firm, which manufactures wall-panels, colored papers and photographic papers in three of its departments, was only visited because we had to find out whether there was by any chance a film-casting machine (Film-laminacja) there. The factory, which has existed

(page 15 of original, continued)

since 1829 and is aryan family property, is situated in a suburb of Warsaw and as if by some miracle, is undamaged. Thermitic bombs dropped on this site could be rendered harmless immediately by the well organized factory fire-service. When we inspected the photo-department we ascertained that colluloid was being imported from Belgium via Gdingen. There is no film-casting-installation. The capacity per 8 hours is approximately 1000 square meters photographic paper and approximately 800 square meters film maxima per 8 hours when working 20 days per month. Of a total of 360 factory workers the photo department employs approximately 100 men.

The social conditions in this firm were particularly favorable; good skilled workers in the photo department received 15 Zloty per day and auxiliary workers 6-7 Zloty per day, whereas we ascertained that other factories paid out wages of only about 3 Zloty. There is also a film-cutting machine.

Final Opinion:

We took with us samples of the manufactured film-paper and films which will be examined in Germany so that an expert opinion can be obtained. The result will decide whether we are definitely interested in the manufacture in Warsaw during the war, if by this means German capacity can be augmented.

(page 16 of original)

9.) State Powder Factories
(Państwowe Wytwornie Prochu).

Pionki works situated between Radom and Kazienice.

The plants of Pionki which cover a large area, are situated approximately 30 km from Radom (there are no explosive- and ammunition factories in Radom itself as was presumed, but only a gun- and pistol factory which, according to information we have received from officers, would be able to manufacture modern weapons of very great value). The site of the factory and its entire extensions gives a very favorable impression. Erected in 1922 with no regard for the expense it has been extended, but is not yet completely finished. It is erected over a site of approximately 36 square km. Every imaginable installation is there, such as: camouflage, the location of the widely scattered buildings and stores in a large birch-wood, technical construction installations and technical equipment, as well as social institutions. The factory is practically undamaged in spite of many air-raids in the neighborhood. Only during one air-raid were 5 persons killed of a total of 6000 employees working in the factory of whom 1500 were salaried employees and several thousand temporary construction and assembly workers. The Poles failed to destroy this factory, though they had made detailed preparations for blowing it up. Either there was not sufficient time for carrying out the plan or else those who had to effect the explosion and thereby sacrifice their lives, were not available.

(page 16 of original cont'd.)

On inspecting the factory we learned that prior to our visit Dr. FETCOLD of the Army Ordnance Office and two other gentlemen had spent a fortnight at the factory and had made a detailed inventory of everything. For that reason we no longer thought that a detailed inspection was necessary, but limited our inspection to the nitro-cellulose plant and in particular to the chemical part of that plant. There were the most modern devices for the usual working processes, such as: nitrogen tanks, acid tanks, mixers, moulders, washers, dryers, centrifuges (capacity of 180 centrifuges of 8 kg each per 8 hours - approximately 1500 tons of nitro-cellulose per year working at a 24 hours' shift).

Nitric acid was obtained from Mosciore, sulphuric acid from Upper Silosin, Thorn and Kielce. It is worthy of note that for the sulphuric acid process

(page 17 of original)

8 there is a complete denitrating device which has never been used (partly with V2A-Contrivances); also a preparation plant for producing nitric acid from saltpetre and sulphuric acid; in the case of the sulphuric acid, matters were facilitated by the fact that the waste acid could be sold without any difficulty, and could thus be disposed of.

It is worth noting that this preparation plant is composed of apparatus which was delivered after the war within the framework of the regulations of the Treaty of Versailles by the factory Keesbierbaum (Ostmark), formerly property of the Austrian Dynamit Nobel A.G..

Final Conclusions:

8 In our final opinion we make reference to the report which will be forthcoming from the Army Ordnance Office. The question now arises whether the factory is to be put into full production again immediately to fulfil German needs during the war, measures regarding acts of sabotage may be dispensed by employing Polish personnel to a large extent. If doubts on the subject are too great it is recommended that the entire factory plant should be dismantled. The most valuable devices, some of which had not yet been used at all, could be utilised again immediately after having been removed elsewhere.

10) State Powder Factories Zenstwerk (Ziemskie Pruchy)

Kielce Works.

The factory consists of two parts, namely a phosphorite plant, employing 70 workmen, in which native phosphorite of approximately 16 per cent strength from pits near Sandzisz-Bielonizna to the firm, is crushed, ground and sold each season in quantities of approximately 10000 tons per year. Up to the present time approximately 75 % has been sold in Polish territory and approximately 25 % in Russian territory. The second plant is the main sulphuric acid plant (Oleumfabriek) in which approximately 50 workmen were formerly employed and which is at present closed down.

This factory too is practically undamaged in spite of air-raids, whereas a crockery-factory situated next to it, has been almost completely destroyed. The sulphur-trioxide (SO₃)-plant was erected in 1935 by the firm "Induchimie" of Brussels (Ziared) and extended in 1937. Originally there was (dating from 1900) an installation of chambers for the

(Page 18 of original)

production of sulphuric acid which was dismantled and no longer exists. The buildings belonging to it have been used again to some extent.

Pyrite from Slupia Nowa near Kielce was used as raw material (a certain Dr. GMA is said to be trustee of the Kielce mines which we did not inspect as this will be done by the Aktiengesellschaft A.G. Frankfurt on Main); the production of the pyrites which as a result of the roasting process are of a very high quality with approximately 50% strength is alleged to amount to approx. 150-170 000 tons of pyrite per year out of an apparent total output of approximately 1.5 million tons; part of this amount was delivered to Kielce, the major part however was delivered to other parts of Poland.

8 The sulphur trioxide (SO_3) factory, Kielce, produces in two contact systems approximately 1500 tons per month of sulphuric acid (H_2SO_4) corresponding to 1000 tons 100% sulphur trioxide (SO_3), for which approximately 40% was 22-24% fuming sulphuric acid (Olama).

Approximately 4000 tons per year of the production were delivered to Borut:
" 1000 tons per year of the production were delivered to the textile industry
" 1500 tons per year of the production were delivered to Pionki
" 2000 tons per year of the production were delivered to the petroleum industry in the Drohobyz district.

The plant could be put into operation at once if there were adequate possibilities for disposal of the waste.

8 In the plant there are 4 seven-storied furnaces, two of which were constructed by the firm Gerdau and two copied by a Polish firm. There is an electrical dryer-DR of the Gottroll-type and a wet-cleaning install. train with 3 cooling-towers, one washing tower and one cake-filter. Besides the dryer tower which operates with 98% acid strength and the blast apparatus, there are two heat-interchange devices and one Hurdentank-ofen constructed by the firm Zieron. Finally there is an absorption-tower (Absorptions-turm) for sulphuric acid and an absorption apparatus for fuming sulphuric acid (Olama) for the entire plant; the acid-cooling devices are outside the buildings. There are facilities for storing sulphuric acid to the extent of approximately 950 tons contact acid (there are 4000 to 5000 tons pyrites of which 2000 tons are Spanish Rio Tinto and approx. 1000 tons are Norwegian pyrites, besides there are approximately 1000 tons of scullin waste). The foreign pyrites are the stocks of previous years and are stored in a covered shed; the Polish pyrite mine Slupia Nowa has only been being delivered for 3 years. The scullin waste was sold direct to an iron foundry and can be processed at any time in a blast-furnace, since

(page 19 of original)

zinc, copper and iron to all intents are completely lacking in pyrite. Of the 18 tank-wagons owned by the factory 7 are still there.

(page 19 of original cont'd.)

The plant represents a technically valuable contact-acid plant with a capacity of 12-15000 tons per year contact sulphuric trioxide (SO_3). The approximately 98% turnover of the furnaces working with 6-7 % roasting-gases (Roast gas) may be described as good. The fuming sulphuric acid plant (Oleumplant) is suitable for turning out 40 % of its production as 20 % fuming sulphuric acid (Oleum). The quality of the acid leaves nothing to be desired, the power-requirements of the plant are favorable. The net costs may thus be described as advantageous.

Final Opinion:

It is evident from the list of the customers that the plant can maintain a production of 50 % if the firm Borutz in Zylara and certain elements of the textile industry continue to work; if it is decided to maintain spinning-based manufacture in the above-mentioned factories, they could be set into full production again within a short time.

If there is no such possibility for employment it is extremely likely that the plant will be dismantled and the materials can be set up immediately in German plants.

From a technical point of view the entire plant is constructed correctly and with relatively simple means and in such a manner that it can be easily understood and supervised. There was a complete lack of mechanical instruments for surveying, but their construction was intended and had been partly covered.

(sig.) BRATER

CERTIFICATE OF TRANSLATION

3 June 1947

I, MONICA ELL OGD, # 00525, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of the document No. NI-1119.

MONICA ELL OGD
00525

I.G. Farben WMI Report No. 3609,
"The Most Important Chemical
Firms in Poland", 28 July 1939.

(page 26 of original)

EXCERPT OF
TRANSLATION OF DOCUMENT NO. III- 9151
OFFICE OF U.S. CHIEF OF COUNSEL FOR
WAR CRIMES.

Chemische Industrie "Boruta" A.G. (Chemical Industry "Boruta" A.G.)
(Przemysl Chemiczny "Boruta" S-ka Akc.)

Location: Zgierz, Lesna 30

Founded: 1894

Business year: 1 January until 31 December

Purpose: Production and sale of synthetic dyestuffs, chemical intermediate products and explosives.

Supervisory Board: Dr. Feliks Maciszewski, president
Dr. Karol Peschel
Dr. M. Chechlinski
Dr. Wojciech Rogalski
D.K. Platowski
Eng. W. Wojciechowski (Engineer)
General Stanislaw Malachowski
Herr Eugeniusz Berger (Engineer)
Herr Wladyslaw Danielewicz (Engineer)
Dr. Jerzy Nowak

(page 27 of original)

Management: Herr Marjan Pinaecki (Engineer)
One of the founders of Polana A.G.
Lucjan Szadrowski

Stock capital: Zloty 3,750,000.--

Balance: 1936: 10,366,000.--

Plant: Zgierz chemical plant
Sarszyn in the central industrial region explosives plant

Products: Synthetic and organic dyestuffs
chemical intermediate products
disinfectants
insecticides
urea derivatives
nitrotoluol
nitrobenzole
vulcanization accelerators
Sulfuric acid
nitric acid
sodium bisulfate
zinc chloride
zinc chlorate
zinc sulfate.

TRANSLATION OF EXCERPT OF DOC. HI-9151
CONFID.

CERTIFICATE OF TRANSLATION.

I, DOROTHY E. PLAMER, USEET 482, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of excerpt of Doc. No. HI - 9151.

29 September 1947

DOROTHY E. PLAMER
USEET 482.

(E N D)

I.G. Farben VOMI Report No. 3609,
"The Most Important Chemical Firms in Poland",
28 July 1939. (page 28 of original)

Winnicaer Chemische Werke A.G. (Winnica Chemical Plants)
(Zakłady Chemiczne w Winnicy S-ka Akc.)

Location: Winnica near Henrykow
Founded: 1929
Purpose: Production and sale of synthetic dyestuffs
and chemical intermediate products.
Supervisory Board: Josef Frossard, president
of the firm Etablissements Kuhlmann, Paris
Jerzy Theodor
Dr. Georg v. Schnitzler, Frankfurt/Main
of the firm I.G. Farbenindustrie A.G.,
Frankfurt/Main
Jacob de Kap-Herr
August Rhein
Dr. Elie Laurent
Dr. Fritz von Meer, Kronberg, of the firm
I.G. Farbenindustrie A.G., Frankfurt/Main
Dr. Josef Landa
Ludwik Spiess
director of Chemische Werke Ludwig
Spiess & Sohn A.G., Warsaw.
Management: Dr. Alfred Hirezowski, director
Henryk Brynowski, authorized agent
Stock capital: Zloty 2,000,000.--
Balance: 1936: Zloty 6,315,000.--
Plant: Winnica
Products: synthetic and organic dyestuffs
chemical intermediate products
anthraquinone
Turnover: 1937: 4,100,000.-- Zloty
Staff: 56 workers
HP installed: 150.

CERTIFICATE OF TRANSLATION.

I, DOROTHY E. PLUMMER, USFET 482, hereby certify that I am thoroughly
conversant with the English and German languages and that the
above is a true and correct translation of excerpt of Document
No. III - 9154.

29 September 1947.

DOROTHY E. PLUMMER
USFET 482.

(E M D)

TRANSLATION OF EXCERPT OF DOC. NI-9155
OFFICE OF U.S. CHIEF OF COUNSEL FOR
WAR CRIMES.

I.G.Farben WOI Report No.3609,
"The Most Important Chemical Firms in Poland", 28 July 1939,
(page 30 of original)

Chemiczne Fabrik "Wola Krzystoporska" (Chemical Plant "Wola
Krystoporska").
(Fabryka Chemiczna "Wola Krystoporska").

Location: Wola Krystoporska near Piotrkow Trybunalski
Founded: 1902
(page 31 of original)
Purpose: Production of dyestuffs and intermediate products
Manager: Dr. Maurycy Spilfogel
Stock capital: Zloty 1,078,425.—
Owner:
Plant: Wola Krystoporska
Products: dyestuffs
intermediate products
Turnover: 1936: Zloty 2,700,000.—
Staff: 141 workers
17 employees
HP installed: 200

CERTIFICATE OF TRANSLATION.

I, DOROTHY E. PLUGNER, USFET 482, hereby certify that I am
thoroughly conversant with the English and German languages and
that the above is a true and correct translation of excerpt
of Document No. NI - 9155.

29 September 1947

DOROTHY E. PLUGNER
USFET 482.

(E N D)

Received;
7 September 1939
1600 hours - 29

' finished '
' back to '
' sender '

Teletyped to: Berlin To Direktor Dr. Krueger
from: The Directorate Department Farben, at 7 September 1939.

Request you to inform Reich Ministry of Economics now already of the following facts: It is to be assumed that four Polish dyestuff factories will fall into German hands within the next few days, in particular the 100% Polish factories of Przemysł Chemiczny BOKUTA in Zgorzelec and the Chemiczna Fabryka Wola Erzytoporska in Wola Erzytoporska, in addition the Fabryczka Towarzystwa Akcyjne Przemysłu Chemicznego belonging to the Swiss I.G. in Pabjanica, the director of which is the Swiss Vice-Consul Thomazy - all three are situated in close proximity to Lodz, as well as the Zakłady Chemiczne w Winnicy Sp. Akc. situated about 12 kilometers to the East of Warsaw, in Winnica. The last mentioned firm belongs half to the "Centrale des Matieres Colorantes", Paris and half to the "I.G. Chemie", Basel, but it is in close business contact with us, as together with the IIG we have constantly harmonized its production program and side by side with the French sales organizations have sold half of the Winnica-products through the medium of our representatives in Poland. All four factories together have covered more than half of the Polish dyestuff needs, the 100% Polish factories have supplied about 30%. Pabjanica and Winnica are members of the dyestuff cartel, both the 100% Polish factories Zgorzelec and Wola had a long-term cartel agreement with the tripartite dyestuff cartel (Dreierfarbentkartell) for the regulation of their sales, whereby they were allowed a constant increase of quota which amounted for 1939 to 31,5% of the Polish sales. Furthermore, according to this agreement, Zgorzelec and Wola

(page 2 of original)

were entitled to export, if only to a very limited degree. The factories contain considerable and valuable stocks of preliminary, intermediate and final products; practically all are tar dyestuffs or other relative auxiliary products. Although we do not wish to take any definite attitude at the moment to the question of the further operation of the plants, we consider it of primary importance that the above-mentioned stocks be used by experts in the interests of the German national economy. Only the I.G. is in a position to make exports available. Have taken steps for Director Schwab, the manager of our local east-european dyestuff business to be made available for this task. Further assistants, technical experts as well, are naturally at your disposal. They will be in Berlin at the middle of next week for further discussion with the competent authorities and we beg you to fix a time for these discussions. Naturally, our agents in Lodz, principally Herran August Oppertshausser, Lodz, Sienckiewicza 55 and Arnold Seidel, Lodz, Kilinskiego 150 as well as Herr Bruno Falde, Warsaw, Czackiego 15a will in the meantime be at the disposal of the Military and Occupational Authorities for the purpose of information and advice.

TRANSLATION OF DOCUMENT NO. HI - 8457
CONF'D.

Typed signature: von Schnitzler

Please return to

Directorate Department Farben.

Initial illegible.

CERTIFICATE OF TRANSLATION

I, DOROTHY E. PLUMMER, USFET 482, heroby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of Document No. HI - 8457.

23 September 1947

DOROTHY E. PLUMMER
USFET 482.

(E F D)

I.G. Farbenindustrie Aktiengesellschaft
Management

Berlin W7, 14 Sept. 1939

Is/P

for Central Office (Zentralstelle) for F-Agreements
(F-Abkommen), Pfn.

TO Reichsministry of Economics
Attn: Herr Ministerialdirigent Dr. Malert

BERLIN W.8.

SUBJECT: Polish Dye Plants

We beg to refer to the conversation, you and Herr Regierungsrat Hoffmann granted us this morning and take the liberty to make you herewith the following proposal:

It is suggested that the Reich Minister of Economics:

- 1) order the I.G. Farbenindustrie Aktiengesellschaft, Frankfurt/Main, to take under its administration as trustee of the Reich the following plants located on the territory of the republic Poland:

| | <u>Dye output 1938</u> |
|--|------------------------|
| Przemysl Chemiczny "Boruta", S.A., Zgierz near Lodz | 580,000 Kg |
| Dye Plant Wela-Ersyestopcraka, near Tomaszow | 290,000 " |
| Zaklady Chemiczne u Winnicy, Winnica near Warsaw | 392,000 " |

to continue operating them or to close them down in cooperation with the competent authorities, to utilize their supplies of initials, intermediary and final products,

- 2) appoint as executives for this undertaking

Herrn Direktor Hermann Schwab, Frankfurt/Main
Herrn Direktor Dr. Bernhard Schaefer, Welfen

Reason:

There are on Polish territory four rather large dye plants besides several smaller ones, which have only local importance. The four larger ones are represented by the three above listed firms plus the Pabjanicer A.G. for Chem. Industry (Pabjanicer A.G. fuer Chem. Industrie) belonging to the Concern of Dye Plants Basel (Interessengemeinschaft der Baseler Farbenfabriken) the latter with an output of 612,000 kg of dyes in 1938. We estimate the amount and the value of the production of all the dye plants located on Polish soil on the basis of exact figures.

(Page 2 of original)

established after many years of careful work and ascertained, for the major

part, by mutual cartel information as follows:

| | Zg | Zlotys | RM |
|------|-----------|--------------|--------------|
| 1937 | 1,754,000 | 19,400,000.— | 9,127,694.— |
| 1938 | 1,950,000 | 21,800,000.— | 10,256,893.— |

of which c. 95 % fall to the above mentioned four plants and 5 % to the following smaller plants:

"Barwalet", Lodi
Bruno Schuelde, Lodi
"Sigma", Kattowitz
Czestochau Dye Plant (Czestochauer Farbenfabrik)
"Lewedzie", Czestochau.

The two plants "Boruta" in Sgieryz near Lodi and Chemical Plant Wela Krzystoporaka, located near Tomaszew, are Polish national property; "Boruta" belongs to 90 % to the Polish State, the Chemical Plant Wela Krzystoporaka is a non-arian family enterprise.

The Chem. Plant Winnica was founded with our concurrence in 1929 by the French Dye Industry to create on the one hand a rival firm against the Polish national plants in Poland, and, on the other hand, to keep up or regain resp. the business, lost through import duties and prevention of import by production in Poland. This plant is publically considered French. In its inner structure, the I.G. Chemie Basel, with which we are on friendly terms, owns 50 % of the shares, approximately 1 Million Zlotys. Approximately 24,000 Zlotys, out of the entire stock of 2 Million Zlotys, are in unknown hands. On the basis of the option agreement existing between the I.G. Farbenindustrie and the I.G. Chemie in Basel, the I.G. would, at any time, be in the position to acquire from the I.G. Chemie, with the consent of the government of the Reich, the shares of the I.G. Chemie on the Winnica at the inventory price (Buchpreis). We, therefore, believe ourselves entitled to make in the interest of the I.G. Chemie, those decisions which are expedient for the preservation of its value.

We would like to proceed as follows in the trustee administration of the three above mentioned firms:

(Page 3 of original)

The Chemical Plant Wela Krzystoporaka, which is based almost exclusively on intermediary products of the "Boruta" and which has no greater importance as independent place of production, would have to be closed down. The "Boruta", on the other hand, should continue to operate on as far reaching a scale as possible. The importance of the "Boruta" is considerably greater than seems apparent from the above summary of production of dyes, because it is to a major degree the purveyor of intermediate products for the remaining plants mentioned on the list. It obtains its (illegible), initial products as "oleum", nitric acid, soda, benzol, from the Upper Silesian coal mine district and from the plants belonging to the firm Solvay in (illegible) and at other places. As for the rest, it is to a large degree autarc (Selbstversorger). Its importance for the German war economy is at present to be rated the higher, as 85 % of the production of tar dyes (Teerfarben) and their intermediate products are located at the plants of the I.G. in Western Germany, and of these a very considerable part in Ludwigshafen, where the production of dyes is to be cut down to a minimum. Every plant for the production of organic intermediate products and dyes, which is not located in the West, has therefore, at the present situation, a double value. According to the reports available up to now, one can hope that the plant of the "Boruta" has suffered no essential damages by the military operations and that by a quick re-opening

disturbances in its capacity of production could be avoided almost entirely.

The Winnica is situated 18 km north-east of Warsaw and may have suffered heavily during the latest operations. The continuation of its operation would be of great importance, because there exists at that plant, besides the fabrication of a number of ABO dyes, a modern anthrachinon plant and a plant for the production of (illegible) dyes, which certainly are very interesting for immediate Army purposes, because the "Winnica" has had, up to now, the monopoly for the Polish military (illegible). There is also a plant, though a minor one, for intermediate products of the (illegible) which can be put in operation any time. While at the "Boruta"

(Page 4 of original)

the national Polish personnel, which has been working there up to now can obviously not be used for the continuation of the operation of the plant in wartime, further use of one or the other of the commercial personnel of the "Winnica" will be possible.

As far as the last of the four larger plants, the Fabjanicer A.G. for Chemical Industry (Fabjanicer A.G. fuer Chemische Industrie) is concerned, an exchange of telegrams between the left-hand-undersigned (Linkeunterzeichnete) and the Swiss President of this company, Mr. Schmidt-Respinger, Basel, has taken place, whose answering telegram we adjoin verbatim:

"Thanks for information in matters of Polish dye plants. Concerning Fabjanicer, I beg you, also calling this to the attention of your government, to note that Fabjanicer, already on the basis of its shareholdings, is to be considered as a Swiss enterprise ... Expect therefore, that enforced measures of any kind against our enterprise, will not be taken. Have contacted our Federal Government."

According to this, we would like to express our opinion, that, as far as the Fabjanicer A.G. is concerned, for the time being, no measures should be taken. For the present, we see no objection to letting the "Boruta", administrated in trusteeship, continue to deliver intermediate and final products to the Fabjanicer A.G., within the limits of its capacity for delivery, for the eventual requirements of the local Polish consumption but of course not for export purposes.

The remaining smaller dye plants, according to the list communicated in the opening of this, would have to be closed down, of course.

The utilization of the supply of finished products in the plants, as well as the distribution of the new products, should be handled in such a manner, that they benefit foremost the German economy as a whole. The authorities would have to decide whether and to what extent, certain parts of them should continue to supply the Polish market. They mainly should serve to relieve the German dye market, and to raise the German dye export resp.

(Page 5 of original)

We respectfully request for the earliest possible moment a decision and delivery of the authorization necessary for Messrs SCHWAB and SCHOMER, because every lost day might have losses in its wake, since through acts of sabotage or inappropriate and fraudulent sale, German economy might lose irretrievable values.

TRANSLATION OF DOCUMENT No HI - 2749
(Cont'd)

Besides for Messrs SCHWAR and SCHROEDER, we simultaneously request passes for their assistants, Messrs.

Paul LADGFE, Frankfurt/Main
and Dr. Walter HEGGE, Wolfen.

Further personnel, which the gentlemen will need in Poland, is at their disposal at our plants and our sale centers.

HEIL HITLER !

I.G. FARBEINDUSTRIE AKTIENGESELLSCHAFT,

(signed) von Schnitzler (signed) Krueger

CERTIFICATE OF TRANSLATION

I, JOHN J. BOLL, AGO No A-444412, hereby certify that I am thoroughly conversant with the English and German languages; and that the above is a true and correct translation of Document No. HI-2749.

JOHN J. BOLL
U. S. Civilian
AGO No A-444412

Copy

The Reich Minister of Economy

Berlin W 8, 21 September 1939

Schrenkstrasse 43

Telephone: switchboard No. 164351

II Chem. 13 364/39

It is requested that this reference
and subject be indicated in all
further communications.

To

The Director Dr. von SCHEITLER,
Member of the Board of Directors
I.G.-Farben Industry a.G.,
Berlin NW 7

Unter den Linden 82

Subject: Polish Color Works.

In reference to your oral statements of 14 September 1939, and the
written supplement to your statements of the same day, I decided to
comply with your suggestion and place the following 5 factories

- a) Przemysł Chemiczny "Sorbit" S.A. in Egiera near Lodz.
- b) Chem. factory Wola - Krzesztoporska in Wola - Krzesztoporska near
Tomaszow.
- c) Zakłady Chemiczne w Winnicy, Winnica near Warsaw,
which were located in former Polish territories, now occupied by the
German forces, under provisional management.

According to your suggestion, I will commission the following men
with the provisional management of the named enterprises:

Director Hermann SCHWAB, Frankfurt a.M.

and Director Dr. Bernhard SCHROEDER, Wolfen.

It will be the task of the named gentlemen, in constant consultation
with me and possibly my deputy who would have to be specially appointed,
to manage the operation of the factories again, respectively to continue
the operation, or as far as the enterprise named under b) is concerned,
to put it out of operation.

The operation of the enterprises will thereby have to be adapted
to the requirements of the German War Economy and German export to
neutral countries.

I reserve the right to alter or to cancel this commission at any
time, and to settle the problem of management otherwise.

I expressly emphasize that with this appointment, there will be no
changes in the property conditions of the concerned enterprises

(page 2 of original)

and that there are also no preparations for a change in the property
conditions to be seen within this appointment. In particular, no claim
for a later change in the property conditions can be derived for the
benefit of the I.G. Farben Industry, through the appointment of members
of the I.G. Farben Industry to the provisional management.

The gentlemen who are commissioned with the provisional management
will have to manage the enterprises exclusively as a trusteeship for
the account of the present owners.

TRANSLATION OF DOCUMENT No. III-1093
CONTINUED

I want to instruct both of the gentlemen to report to the Chief of the Civil Administration before starting their activities, and to give me a 14 day report until further notice. As far as it is possible, the enterprises are to be operated with the present personnel and the supplementary racial German personnel. The appointment of further employees of the I.G. Farben Industry for the enterprises, or for the administration of the enterprises requires my special agreement in every case.

Two copies of this letter, to be forwarded to Director SCHWAR and Director Dr. SCHÖBER, are enclosed.

By order

(signed:) von HANKE

CERTIFICATE OF TRANSLATION

15 January 1947

I, Leonore KUBER, Civ., No. D-145 347, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of the document No. III-1093.

Leonore KUBER
Civ., No. D-145 347.

Case 6
Off. Doc. No. NI-1093
P. 132-17
- (P. 6)

I.G. Farbenindustrie Aktiengesellschaft
- Management -
Berlin NW 7, Unter den Linden 82.

10 November 1939;

v. Sch/G/Ksch.

To the

Reich Ministry of Economics
Attention .. Ministerialdirigent Dr. Malert,

B e r l i n W. 8
Bismarckstr. 43.

(in handwriting):
Dyestuff and Chemical Plants
Lodz.

Re: Polish Dyestuff Factories.

We beg to refer to our conversation of this morning and take the liberty of confirming in writing what we suggested then as being in our opinion the most expedient way of shaping the further development of the dyestuff factories which are situated in the former Polish territory.

I. Since the new frontiers have been set up the principal plants belonging to the most important of the factories concerned in the Chemical Industry Boruta A.G., that is to say, Zgierz, as well as the "Wola" plant, all come within the new Warthegau. In the Government General the Gorynia plants near Sandecia belonging to the Chemical Factory "Boruta" as well as the chemical factory Wlania all lie in the immediate surroundings of Warsaw. For the plants which are now situated in the Warthegau the situation today is as follows:

The "Boruta" has practically no plant equipment. The installations are mortgaged against loans from the Polish State Landwirtschaftsbank up to a total of 5,000,000.— Zloty. From the point of view of private economy the firm would be considered on the verge of bankruptcy.

The considerably smaller factory "Wola", which was formerly under Jewish ownership, has also been partially damaged during the war and apart from this would have no justification for its existence as it is not built on practical lines.

In view of the consideration that the Reich will scarcely be willing to provide means for the re-starting of the "Boruta" factory, which is important for the German economy, but that on the other hand without new equipment the plant cannot

(Marginalia initials
in handwriting)

(page 2 of original)

be set up again for a considerable length of time, the I.G. Farbenindustrie Aktiengesellschaft takes the liberty of suggesting that in addition to the technical and business care it has already

62

provided it should also advance the means for putting the "Boruta" into operation again and for keeping it running. For this purpose the I.G. Farbenindustrie A.G. would set up a limited liability company (Gesellschaft mit beschränkter Haftung) in Berlin with a nominal capital of 100,000.- RM as an *) Auffanggesellschaft, in which Director Schwab and Director Dr. Schoener, who have both been appointed as trustees, would take over the business management. This Auffanggesellschaft would take over the plant-installations on lease in their present condition. At the same time the Auffanggesellschaft, acting as trustee, would carry out the liquidation of the old firm by selling the stocks which could be sold and by collecting outstanding debts, with the proceeds of which it would undertake to pay off successively the creditors of the old company, first paying off private creditors, and then transferring the surplus, if any, to the agency which took over the legal succession with respect to state and semi-state creditors, inclusive of the former Landeswirtschaftsbank. In the execution of these measures of liquidation the new corporation would act in a 100% trustee capacity without any personal economic interest and risk.

In carrying out this proposal there must naturally be a guarantee that the legal successor with respect to former state or semi-state creditors, that is, including the Polish Landeswirtschaftsbank, would observe a "atenstill" as regards their claims without prejudice to the maturity provided for by contract, and would institute no measures against the old corporation in the way of a sale or execution which might hinder to any extent the carrying out of the lease-agreement as proposed.

The "Auffanggesellschaft" would furthermore be entitled to remove from the "Wola" plant, which has also to be closed down, all installations still fit for use, in particular the brand-new Botany-mechanic plant, and to bring them to the "Boruta", without such transfer causing any change to the plants with respect to ownership conditions.

(page 3 of original)

If the occasion arose a lease agreement might also have to be concluded with respect to these plants, and on the other hand a guarantee given that no creditors of the Wola be allowed to prejudice the realization of the agreement by measures pertaining to an execution.

As things stand it would appear that the lease-agreement should be a long-term one, as the object in view is the creation of a certain permanency of conditions, which would permit these manufactures carried on by "Boruta" not only to supply the market of Lodz but also the Polish market. During the course of this long term agreement - we have in mind a period of 20 years - it may be in the interest of the Reich to reprivatize the plants again.

*) A corporation organized for taking over the assets of another enterprise.

Such a possibility will occur in particular in the event that new investments of any size are to be made. It should therefore not seem unreasonable that in such an eventuality I.G. Farben Aktiengesellschaft should be given priority rights with respect to the purchase of the plants.

II. For the plant situated in the territory of the Government General we should like to make the following suggestion:

a) The plant which is only in a state of construction in Sandomir-Sarsyna, and which will be operated under the name of "Chemical Industry Boruta Aktiengesellschaft Construction Enterprise Nitro Products Plant Sarsyna", was set up predominantly for military reasons. Today it no longer has any economic justification. The apparatus installed there should be taken down in the most practical way and removed to Germany proper. As a measure of expediency it would also be advisable for the trustees, in concurrence with the Army Ordnance Office, to undertake the sale of the apparatus and of the installations which are to be disposed of as scrap. This should be carried out as rapidly as possible, since at the moment through the further temporary occupation of some 250 persons a day, the Reich is incurring considerable expenses. The building work was financed by the "Boruta" by means of credits granted her by the Polish state Bankowirtschaftsbank. The amounts in question as shown in the balance sheet of the "Boruta" on 31 July 1939 are booked separately and are carried with a sum of 9,099,739,49 Zloty. *)

Furthermore my statements in Paragraph I must also be applied

(page 4 of original)

with respect to the liabilities pertaining to the building-project.

b) As far as the chemical factory Winnica is concerned the Reich Ministry of Economics is aware that it is owned by the French Kuhlmann Group which at our instigation gave up half of the shares on an unofficial basis to I.G. Chemie in Basle, with whom we are on friendly terms. It is now not only in the interest of private economy but also, in view of the future, of public interest that the factory in question should not be the subject of an open liquidation.

On the other hand, the pretext of economic necessity is all the less valid as approximately half of the production of the factory was exclusively concerned with dyestuffs, which were used for the manufacture of Polish military cloth. We would therefore suggest a settlement which would entitle the Auffanggesellschaft described under I to transfer to "Boruta" all those plant-installations in Winnica which are of importance for the German economy - this applies in particular to the anthraquinone

*) The balance sheet of the Boruta is also attached.

TRANSLATION OF DOCUMENT NO. NI - 8380
CONT'D.

plant there - and to operate them in return for rent or by virtue of a lease in a similar way to the plants of "Boruta" and "Wola".

Without binding ourselves in any way we reckon that for the putting into operation and maintenance of the converted plant "Boruta" we shall have to begin by opening a credit of as much as 3,000,000 Zl to the favor of the Anfangsgesellschaft which we have described more in detail under I. In view of the uncertainty which still exists at the moment as regards the economic prospects of former Poland it is just as impossible to speak now of the amount of interest which will have to be paid on the lease as it is to talk of the amounts which will have to be paid on the sums we are to advance. We should like to suggest that both these questions be settled at a later date when we have acquired a clearer picture of the development of the situation.

Heil Hitler!

I.G. FARBENINDUSTRIE AKTIENGESELLSCHAFT

(signed):

Schnitzler

Kruoger.

Enclosure.

CERTIFICATE OF TRANSLATION.

I, DOROTHY E. PLUMMER, USFET 482, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a true and correct translation of Document No. NI- 8380.

10 October 1947

DOROTHY E. PLUMMER
USFET 482.

(E N D)

30 November 1938

Si/Sa.

Ministerpräsident Generalfeldmarschall Goering,
Plenipotentiary for the Four-Year Plan
Haupttreuhandstelle Ost,
Department Industry

Berlin W 9
Potsdamerstr. 28.

Re: Polish Dye-stuff Plants.

With reference to our request of 10 November 1938 to the Reich Ministry of Economics, a copy of which is enclosed, we beg to sum up our proposals as follows. The Haupttreuhandstelle Ost is requested to give its sanction to the following:

1. The I.G. Farbenindustrie Aktiengesellschaft will set up as *) Auffanggesellschaft* for the "Boruta" a limited liability company (Gesellschaft mit beschränkter Haftung) in Berlin with a nominal capital of RM 100,000.- and with Director Schenk and Director Dr. Schoener appointed as business managers. This "Auffanggesellschaft" will take over on lease the plant installations of the "Boruta" in their present condition. At the same time the "Auffanggesellschaft", as trustee, is put in charge of the liquidation of the old firm, the principal elements of which will be the sale of all existing stock which can be sold, the collecting of outstanding debts, and with the proceeds therefrom the successive paying-off of creditors of the old firm, in such a way that private creditors are first paid and any surplus is transferred to the Trustee Office in its capacity as legal successor with respect to state and semi-state creditors, that is to say, including the former Landeswirtschaftsbank. In carrying out these measures of liquidation the new corporation will act 100% in a trustee capacity without any personal economic interest and risk.

At the same time I beg to confirm the fact that my agency as legal successor with respect to former state or semi-state creditors will observe a "standstill" as regards their claims without prejudice to the maturity provided for

(page 2 of original)

by contract and will not arrange for any measures to be taken against the old corporation in the way of a sale or execution which might hinder to any extent the carrying out of the lease agreement as proposed.

*) A corporation organized for taking over the assets of another enterprise.

I will also undertake to see that every other state agency which in addition to my own or in lieu of it raises any claims whatsoever against the said corporation as legal successor with respect to state or semi-state creditors, accepts the same obligation as regards a "standstill".

2. I hereby agree that all installations which are still fit for use be taken out of the "Wola" plant, which has also to be closed down, - these include in particular the brand new plant for Betanoxynaphthoic acid, - and be brought to the "Soruta" plant and leased in a similar way by the "Auffanggesellschaft". Heroby I accept the same "standstill" obligation both for myself as well as for any other state agencies acting in the capacity of legal successors with respect to former state and semi-state creditors.
3. Furthermore, I hereby grant the "Auffanggesellschaft" authorization to transfer the plant installations in Winnica to "Soruta", to the extent that they are of any importance for German economy, and to operate them under lease in the same way and subject to the same conditions as the plants in "Soruta" and "Wola".
4. I have seen that in order to start and keep up the operation of the reconverted plant "Soruta" you estimate that the "Auffanggesellschaft" will be obliged to have recourse to your assistance in the form of credits, beginning with a sum of 3,000,000.- RM. - In view of the obscurity which still exists as regards economic prospects in former Poland, I hereby agree to a postponement of the question of payment of interest on the amounts to be advanced by you as well as of the payments of interest to be made by the "Auffanggesellschaft" for the lease of the plant-installations it takes over, until it is possible to obtain a clearer picture of how the situation is developing.

(page 3 of original)

In consideration of the fact that you have taken over the financing of the "Auffanggesellschaft" I reserve for you a priority purchase right in the event that the Reich should propose to sell the plant installations taken over by the "Auffanggesellschaft" under lease. Similarly I endorse the proposal that, should there be no intentions of sale within a reasonable period of time, the lease-relationship as authorized by me here-above be fixed for a period of at least twenty years."

Heil Hitler!

I.G. FARBENINDUSTRIE AKTIENGESELLSCHAFT
(typed signatures):
v. Schnitzler Krueger.

Enclosure.

TRANSLATION OF DOCUMENT NO. MI - 9373
CONFID.

C E R T I F I C A T E O F T R A N S L A T I O N .

I, DOROTHY E. PLUMMER, USFET 492, hereby certify that I am thorough-
ly conversant with the English and German languages and that the above
is a true and correct translation of Document No. MI - 9373.

8 October 1947

DOROTHY E. PLUMMER
USFET 492.

(E N D)

(Handwritten note): Eckert
is no branch-enterprise.

C o n t r a c t

between

the Public Administrator of the "Berata" A.G. - Zgierz,
(Handwritten): Herr Geheimrat Mahnke, acting for the Main Trustee
Office, East, Berlin; as per appointment dated ...
hereinafter called the "administrator"

and

the I.G. Farbenindustrie Aktiengesellschaft in Frankfurt/Main
hereinafter called "I.G."

Article 1

The "administrator" leases to the "I.G." with effect as
from 1 October 1939

- a) the premises situated in Zgierz, specified in enclosure A,
belonging to the Chemische Industrie Berata A.G. Zgierz
in Zgierz (hereinafter called "Berata");
- b) all buildings and plant installations erected on the
aforementioned premises, including all working-equipment,
machinery, appliances etc., as well as all accessories
listed in the enclosed inventory, (enclosure B)
- c) the equipment of the scientific and technical laboratories,
the libraries belonging to these laboratories, and the office
furniture and fixtures of the "Berata";
- d) all protective trade-rights, licenses, secret processes
and trade-mark rights of the "Berata";
- e) other objects, titles and business connections.

The lease of the objects mentioned under c) to e) does not
include objects belonging to the Sarsyna works, but only objects
belonging to the Zgierz works.

The lease is based upon the status of 1 October 1939.

(page 2 of original)

The "I.G." declares that it is familiar with the condition
of each of the premises, buildings, plants and other objects
leased by it, and declares that it will take over the objects
included in the lease in their present state. No guarantee is
given that these objects are fit for service.

66

TRANSLATION OF DOCUMENT NO. 1 - 8375
CONT'D.

Article 2:

hand- (The "administrator" grants to the "I.G." the right to utilize
written: (the leased premises, buildings, plant installations and other objects
2 (without restriction and for its own purposes. The "I.G." is hereby
entitled, throughout the duration of the present contract, to rebuild
and to undertake alterations in the leased buildings, plants and other
objects at its own expense, as well as to erect new buildings and plant
installations on the leased premises, and to remove again such newly
erected buildings and installations.

hand- (The "I.G." obligates itself to maintain the leased premises,
written: (buildings, plant installations and other objects in a state of fit
and proper repair. (Handwritten): Any renovations which "I.G."
1 (should deem necessary in buildings and plant installations which have
become unserviceable through normal/and tear, shall be put to the
charge of "I.G."

Furthermore, the "I. G." undertakes to assure that the Ziders
works of the "Boruta" are kept properly employed, with all consideration
for given economic possibilities and with a due regard to national-
political exigencies; in this connection the eventual use of the
"Boruta" is contemplated as a "switch" enterprise (Ausweichbetrieb).

Article 3.

The rental for the buildings, premises, plant installations
and other objects leased under Article 1 shall be: for the period
from 1 October 1939 until 30 May 1940 RM and from
1 June 1940 annually RM

The rental shall be due at the end of each calendar year,
beginning 31 December 1940 for the period from 3^o October 1939 until
31 December 1940.

(Handwritten note):

the turnover-lease can be derived from 2 sources:

- a) from former investments
- b) from new investments made by "I.G." (for these the rental should
be correspondingly lower)
- c) from the "switch" enterprise. (Ausweichbetrieb).

(page 3 of original)

(handwritten):

- x) The costs for the construction or procurement of buildings and
plant installations specified in Enclosure C shall be put to the
account of the "administrator", even if such costs have been
incurred since 30 September 1939. The buildings and plant
installations specified in the Enclosure shall therefore not be
considered "newly erected" as the term is used in Article 2, par. 2,
and Article 10, par. 4.

(page 4 of original)

Furthermore, the "I.G." shall bear all public and private
charges and taxes of whatever nature pertaining to the premises
leased. The same shall apply to any such public dues which may
be imposed in future.

Article 4.

The liabilities of the "Boruta" which existed on 1 October 1939 are not taken over by the "I.G."; likewise, the bank-balances and cash-holdings existing on this date are not transferred to the "I.G.". The "administrator" and "I. G." undertake to apply for immediate entry of these exceptions in the trade-register. The costs of such entry and registration shall be borne by "I.G.". *

Claims lodged by the "Boruta" before 1 October 1939 are also not transferred to the "I.G.". The "I.G." undertakes, however, to collect the outstanding debts of the "Boruta", to the extent that they concern the plant in Zgierz with the zeal and care of a proper business man.

The "I.G.", or the other firm specified in Article 6 takes over all contracts with employees and workers engaged in , to the extent that they belong to the plant in Zgierz. It does not, however, take over obligations of any nature pertaining to pensions which employees and workers may have earned for their services prior to 1 October 1939.

Effective 1 October 1939 the "I.G." or the other firm named in Article 6 enters into the following agreements which were concluded by the "Boruta" in its stead and for the duration of the present lease-agreement.

In the event that the "I.G." should not exercise the right agreed upon in Article 10 to acquire by purchase the premises, plants and other objects leased, "I.G." undertakes to re-convey its rights under the aforementioned agreements

(page 5 of original)

to the extent that the latter still apply.

Article 5.

(handwritten): The Reich.

The "administrator" is obliged to take due care that public or private creditors (e.g. the former Polish Landeswirtschaftsbank) do not take possession of the premises, buildings, plant installations and other objects leased under Article 1.

Article 6.

The "I.G." is entitled to allow the exercise of its rights under the present contract to be exercised by the firm "Teerfarbenwerke Litkwanstadt G.m.b.H." which is to be promoted by it for the operation of the plant in Zgierz.

Article 7.

The "administrator" sells to the "I.G." the stocks, present on 1 October 1939 including raw materials, auxiliary- and "power" materials, (Betriebsstoffe), semi-manufactured and finished products, preliminary and intermediate products.

TRANSLATION OF DOCUMENT NO. NI - 8375
CONT'D.

(Handwritten): - technical material and packing material - as well as packing material hired out by the "Beruta", to the extent that such stocks belong to the plant in Zgierz, at a price of RM

Should the "I.G." not exercise its right as agreed upon in Article 10 to acquire by purchase the leased premises, buildings, plant installations and other objects upon the expiration of the lease, it undertakes to cede to the "administrator" upon the termination of the present contract all existing stocks which are required for the further operation of the plant, including raw-, auxiliary- and "power"-materials (Betriebsstoffe), (handwritten); packing and technical material at cost price, as well as packing material which is for hire, at an appropriate price.

Article 8.

In addition to the insurance contracts stated in Article 4, the "I.G." will take out the following insurances:

(page 6 of original)

The "I.G." is obligated to submit the insurance certificates to the "administrator" within a period of two months. The "I.G." is to pay the premiums punctually/ every instance, including the insurances mentioned in Article 4, and is to furnish the "administrator" with proof of the payment within two weeks after the due-date of the premium.

In the event that the value of the insured object should increase, the "I.G." shall raise the insurance correspondingly and shall notify the "administrator" thereof.

The insurance premiums shall not be credited to the "I.G." in the lease but shall be paid in addition to the lease.

Article 9.

The present contract is concluded with effect as from 3 October 1939 and shall be valid until (struck out, handwritten); the end of the third month after the conclusion of peace.

Article 10.

The "administrator" undertakes to sell to "I.G." at its request, at the earliest possible date and at the latest on the conclusion of peace, when the legal provisions make the time appropriate therefor, the premises, buildings, plant installations and other objects leased by virtue of Article 1 of the present agreement at a reasonable price. He furthermore obligates himself not to dispose in any other way of the objects leased throughout the duration of the contract.

In the event that "I.G." should announce its wish to acquire the objects leased the lease contract shall be extended until the objects under lease have been transferred.

TRANSLATION OF DOCUMENT NO. MI - 8375
CONT'D.

(handwritten):
Valuation
must there-
fore be made
today.

{ The purchase price shall be established on the basis
{ of the value of the premises, buildings, plant installations
{ and other objects on 1 October 1939. Objects acquired after
{ 1 October 1939 shall be disregarded in this connection.

In the event that "I.G." does not exercise the right
arising from Paragraph 1 of the present Article it shall
be entitled

(page 7 of original)

to remove the buildings, plant installations, etc. which have
been recently erected on the premises leased at its own
expense and within an appropriate period of time. *)

*) (handwritten note):
The degree of fitness for operation
of the other buildings and plants must
not be impeded by so doing.

(handwritten note):
What is to happen to irrevocable "I.G."
investments?

Article 11.

The costs and taxes arising from the present contract
and its implementation are to be borne by "I.G.W."

CERTIFICATE OF TRANSLATION

I, DOROTHY E. PLUMMER, USFET 482, hereby certify that I am thoroughly
conversant with the English and German languages and that the above
is a true and correct translation of Document No. MI - 8375.

24 September 1947

DOROTHY E. PLUMMER
USFET 482.

(E E D)

I.G. FARBEINDUSTRIE AKTIENGESELLSCHAFT

Management-Division (Direktions-Abteilung) Farben

Herrn
Geheimrat Dr. Hans Mahake,

Berlin W 9 -
Hermann-Göringstr. 7

FRANKFURT (MAIN) 20

10 July 1940. B

Chemische Fabrik "Berata".
Your letter of 21 June 1940

With best thanks we acknowledge the receipt of your above mentioned letter as well as the enclosed decision of the Main Trustee Office East of the 20th Inst (June), from which we were pleased to see that instead of the originally envisioned lease, I.G. can now consider the purchase (Kaufliche Uebernahme) of "Berata". As you know we welcome this arrangement very much because it especially dispenses of the various technical difficulties which would have existed in a lease of the enterprise only for the duration of the war. We would like to ask you, therefore, to advise the Main Trustee Office East that we are entirely prepared to enter into purchase negotiations as soon as convenient. In accord with our telephonic consultation, we have prepared a draft for the purchase agreement which we submit to you attached with the request for examination and earliest possible comment on your part as well as on the part of the Main Trustee Office East.

In the meantime our assessment of the value of trusts and equipment have progressed considerably and we hope to be able to transmit to you our proposals in this regard within a relatively short time.

H o l l H i t l e r :

I.G.FARBEINDUSTRIE AKTIENGESELLS

Signed: Schnitzler Kuepper

Enclosure

P.S. For your information we enclose copy of an advisory memorandum of attorney Sigmond Peppe, Litazmannstedt, dated 3 July 1940, which we requested in connection with

TRANSLATION OF DOCUMENT No. HI-2998
Cont. 1d

your draft for the purchase agreement especially in regard to the question of the obligations of Boruta prior to 1 October 1939 and we would be grateful if you would also clear up entirely this particular point with the Main Trustee Office East.

CERTIFICATE OF TRANSLATION

I, HILDE MEYER, AGC No. 0429874, hereby certify that I am thoroughly conversant with the English and German languages; and that the above is a true and correct translation of Document No. HI-2998.

END

Top Secret

M E M O

the negotiations at Haupttreuhandstelle Ost (Main Trusteeship Office East) Berlin, on 4 December 1940 regarding the purchase of "Boruta" Zigers.

Present:

of Main Trusteeship Office East: Dr. HEGLE
Oberreferent Dr. MATTHES
Attorney at Law, NEULEMANN
Herr Mai, SS-Hauptsturmfuehrer, as
representative of the Reichsbeauftragte
fuer die Festlegung des deutschen Volks-
stums in Osten (National Commissioner
for the Consolidation of Germanism in
the East)
Herr RACKHOFF, Deputy Director Trusteeship
Branch Office (Treuhandausanstelle),
Litzmannstadt
Geheimrat Dr. MAHNKE
Herr WESER, Auditor

of I.G.: Director SCHWAB) as Trustees of
Director SCHORNER) Boruta
Director Dr. KUESTER
Herr BUKERT
Dr. SECHERLING
Dr. SAEVIGBERG

At the request of the Main Trusteeship Office East, Dr. MAHNKE, as Chief
Trustee in charge of sales to I.G., gives a brief review on the subject of the
negotiations.

I.G. refers to its purchase offer of 19 August 1940 which concluded with
the following amounts:

| | |
|------------------|----------------------------|
| Plant investment | 3 247 670,25 Zlotys |
| Stocks on hand | <u>3 145 796,50 "</u> |
| | <u>6 393 475,75 Zlotys</u> |

After subsequent re-examination of the stocks on hand, originally designated
unfit for utilization, it has been found that a portion of these items is, after
all, fit for use and that.

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the following amounts should therefore be added to the above purchase price:

| | |
|-----------------------|-------------------------|
| Finished products | 159 856,— Zlotys |
| Raw Materials | 6 400,— " |
| Intermediary products | <u>52 000,— "</u> |
| | <u>218 335,— Zlotys</u> |

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Cont'd

As a result, the amount offered for the purchase of the supplies is increasing to

3 364 131,60 Zlotys
6 611 810,05 Zlotys

and the total offer to

Pursuant to its letter of 19 August 1940, I.G. explains once more on what considerations the evaluation of the individual items is based and points out especially that the Boruta book value cannot constitute the basis for the offer but rather the value of the plant going by German conditions.

Thereupon Dr. MAHNKE explains that the expert opinion of Dr. BEICHERT an auditor leads to the following increases in evaluations:

| | |
|------------------------------|--------------------------|
| Buildings | 357 283,09 Zlotys |
| Machines and apparatus | 92 700,— " |
| Premises for Living Purposes | 101 730,— " |
| | <u>551 713,09 Zlotys</u> |

○ If this amount were to be added to the I.G. offer this would yield a total of
7 163 624,04 Zlotys

To the question of the Main Trusteeship Office East whether I.G. is willing to pay the addition in the value as estimated by Dr. BEICHERT, I.G. replied that it is willing to enter into discussions on this subject but that ETO (Translator's Note: Treuhandelsstelle Ost Main Trusteeship Office East) should first indicate its attitude as to the I.G.'s total offer as such. ETO replied that while the offer of I.G. considers the substantial values of objects available it does not cover the integral ideal values of the plant, i.e. the so-called good-will. I.G. explained that in the case of Boruta such good-will is lacking. That the enterprise was established incidental to and in

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○ connection with aspirations for the creation of national dyestuffs plants - especially in France and in England - which aspirations were directed exclusively against the export of German dyes. By levying a protective tariff of 5,- Reichsmarks per kg, i.e. for many products more than 100% of the world market price, the enterprise was to be enabled to keep in business. Hereby German imports were systematically stifled. In spite of this far-reaching aid given by the State to Boruta it never became profitable, the main reason for this being that the location of the plant is most conceivably unfavorable - no water and not in the vicinity of the inorganic basis necessary for the organic chemical production; the cost of the transportation of coal to the plant higher than its price - and because as a true characteristic, the Poles own over-estimation of their commercial, technical and organizational efficiency reflects its crudest effects in the dyestuffs field. The construction and the installations in the plant were in no way adequate for the requirements indispensable as a prerequisite for a judicious production. Social welfare provisions and provisions which comply with the most elementary requirements of the German Trade Inspections do not exist at all, practically speaking. Boruta was engaged - in part - in the manufacture of products - having erected buildings and apparatus incidental thereto - for which, from the point of view of rational chemistry not even the most modest personal, material and technical prerequisites existed in Boruta. In order to provide a financial basis for these experiments and in order further to eliminate importation, an import license system was to be introduced in addition to the prevailing protective tariff. Finally, and with a view to securing exports within a measure at least, the German Dyes Industry in 1932 had to enter into an agreement by which the degree of

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renunciation to imports could be restrained for a number of years. On the basis of these historical and objective facts, and in consideration of the circumstance that the production established at Sorota meant a drainage on the volume of manufacture of plants in Germany proper (Altreichswerke) there hardly seems to be a reason for speaking of good-will; the term of bad-will might perhaps be more appropriate.

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HTO then stated that heretofore in the discussions only the industrial point of view has been considered but not considerations of national policy which the representative of the National Commissioner for the Consolidation of Germany in the East (Reichsbeauftragter fuer die Festigung des deutschen Volkstums in Osten) then defined as follows:

The reconstruction program set by the Reich for the East makes it imperative that apart from in addition to the agricultural development this territory also be given a solidly established industrial development. The Reich, therefore, can give its consent to the sale of the enterprise only if by submitting a complete and concrete reconstruction and development program the realization of the aforementioned principle is being assured. The cement and iron industry already has accepted such large-scale pledges towards expansion. I.G. as the biggest German firm is expected to do pioneer work in the industrial development of the East and to set an example for other industries.

I.G. explained that from the beginning it wanted to take into account the points of view of national policy and, that therefore, it is willing to accept the contractual obligation to provide for the plant a pursuit which with due consideration for necessities dictated by national policy is commensurate with the economic and technical possibilities. That, basically speaking, the economic possibilities are dependent upon the dye consumption in the Wartheland and in the Government General; it should be considered that Lodzysk, the textiles center, and one-third of the dyestuffs consumer population have become a part of a foreign country. Technical possibilities, however, find their natural restriction by reason of the locality, the arrangement and buildings and their condition and by the installation of in terms of apparatus. The plant must be subjected to a thorough readjustment according to national principles and, also, to be brought in line with social and hygienic requirements. Following an inquiry it is estimated that the investment cost necessary along this line for the next three years will amount from 1 to 1½ million Reichsmarks. It is quite conceivable that in the course of the development in the East

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one might also consider the manufacture of one or the other kind of product in addition to manufacture of dyes and organic intermediary products.

HTO is not at all satisfied with this statement. Economic considerations must step back completely, in favor of those of national policy. One is aiming at a development for the Wartheland adapted to the national existence in Western Germany; besides agriculture this also calls for an industry which is employ German workers on an increasing scale and which, if necessary, also establish settlements for them. The parity of the number of workers of Sorota from 600 in round figures, before the war, to 450 today, and to 250 in round figures, after completion of the rationalization and adaptation to the outlet possibilities in the Wartheland and in the Government General is unsatisfactory. The production of Sorota must not be determined by the outlet but it must precede and develop it. One has in mind especially, also, the supplying of the Danube territory and of Russia.

I.G. explained that taking into account good will, and with full appreciation for the points of view submitted by ETO one nevertheless cannot afford neglecting the circumstances set forth by I.G. unless one would bring about causes which do not comply with the principles of a reasonably sound technical science. The world consumption of dyestuffs having been rather constant in volume, a full capacity, operation or an increased operation of Doruta would mean nothing else but a draining off of production substance from the plants in the West of the Reich, in favor of production in the East. I.G.'s question whether ETO demands such a shift was being answered evasively and negatively. I.G. furthermore pointed out that the number of Polish workers could not be compared with the number of German workers because the work record of a German worker - and therefore also his wages - are generally known to be considerably above the level of the Poles. The racial German element is playing a steadily increasing role in Doruta. Continuation of the exchange of Germans for Poles fails because unemployed racial Germans suitable for the Doruta plant are not available at Esieroz.

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Besides, I.G. is at this time already fully cooperating outside of the Warthegau in bringing into being the East Program, in that it has initiated the establishment of a new plant in Upper Silesia.

ETO then asked the question what is I.G.'s interest at all in the acquisition of the plant since the original motive for the care and control (Betreuung) - i.e. to use Doruta as a stand-by plant for war-damaged Western plants - no longer exists and since the entire dyestuffs requirement of the Warthegau can be covered much more economically by I.G. from its factories in Germany proper than from Doruta for which the situation, technically and in regard to location, is the worst conceivable. That from this point of view it might be better to close down Doruta.

I.G. replied that the reason why it wants the plant is because this is in the interest of the German dyes producer. I.G. added that upon the request of the ETO one has always spoken only of "continuing the operation". If, however, the plant is continuing in operation it must - because of the leadership claim recognized by all official agencies and as it has its basis in the technical achievements, those of invention and commerce - be integrated into the sphere of I.G. dyestuffs production, and this can be obtained only by acquisition through purchase. Furthermore, one cannot simply omit a plant in the East from the European economy planning which already is going on because in one way or another it involved indirectly the German dyestuffs exports also. ETO should concretely formulate what obligation it requests I.G. to assume. Today, to set up expansion programs such as, for instance, the cement industry is - practically speaking - hardly possible in organic chemistry - especially in the field of dye stuffs with its complicated assortment construction while this is very easy for the cement industry because the program for the settlement of and commerce in the East - in the realization of which cement is playing an important part - has been determined.

In conclusion ETO is asking that - with due consideration for today's discussion - I.G. take up the study of the question whether or not it can direct the Doruta plant towards achieving an expansion adapted to the development one is striving to obtain for the East in the light of racial policy-planning being primarily concerned with products other than dyestuffs.

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In the affirmative case an exact and binding program must be submitted on

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the intended new type of manufactures, their quantity and the number of workers required incidental thereto, together with a statement on the investments required for this. I.G. is to incorporate the findings of this re-examination in an expose to HTO whereupon discussions can be continued at the appropriate time. This procedure is necessary as a basis for the responsibility of all parties participating in the negotiations towards Chief Burgomaster WINKLER as Supreme Chief of HTO, and the Reich Commissioner for the Consolidation of Germany in the East.

I.G. promised to draw up such an expose and indicated that it would have appreciated it if it had sooner heard of the demands announced today.

(Signed) ECKERT

Dr. Abt. Farben

CERTIFICATE OF TRANSLATION

I, HERTHA C. KNUTH, AGO NO. X 046355, hereby certify that I am thoroughly conversant with the English and German languages; and that the above is a true and correct translation of Document No. NL-1198.

HERTHA C. KNUTH
U. S. Civilian
AGO NO. X 046355

END

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Dr. Jur. Hans HANKE
Lawyer
Specialist for tax law

Berlin W 9,
Hermann Goering-Str. 7
23 April 1941

Telephone: 21 37 05, Private 89 55 57
Postal checking account: Berlin No. 872 09
Banking account: Deutsche Bank, Dep. Kasse C,
Berlin W 9, Potsdamer Str. 5

Member of the National Socialist
Lawyers' Association

(handwritten remark illegible)
(initial) Kugler

To
Director Dr. G. von Schatzler

Frankfurt (Main) 20
Grüneburgplatz

(Translator's note: handwritten note: Smaller committee informed
on 26 Apr 1941
illegible initial)

Dear Director,

According to information telephoned to me by the Reichs-
fuhrer SS, the latter has now made up his mind to allocate the
"Soruta" plant to your firm. I hope, therefore, that at the
beginning of May we shall be in a position to conclude the final
negotiations regarding the purchase agreement at the Main Trustee
Office East.

I shall do my best to speed up this conclusion as much as possible.

With best regards and Heil Hitler

Yours very truly :

(Signature) Dr. Hanke

Initial: Meppner

CERTIFICATE OF TRANSLATION

I, Mona MacLeod, AGO MP 38347, hereby certify that I am thoroughly
conversant with the English and German languages; and that the
above is a correct and true translation of Document No. NI-8382.

Mona A. MacLeod,
MP 38347.

End

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Very urgent

Frankfurt/Main, 9 May 1941.

Subject: B o r u t a / telephone call from Geheimrat Lahnke on 9 May 1941

Geheimrat Lahnke referred to his letter of 23 April 41 addressed to Dr. von Schnitzler, according to which the Reichsfuehrer SS has made up his mind to let Farben have the Boruta plant. As Geheimrat Lahnke has ascertained, matters are not yet quite clear. According to a remark made by attorney-at-law Schaefer the Reich Commissioner's entourage is convinced that Boruta can only be taken over by Farben but unfortunately the Gutbrod brothers, who have excellent connections, are still trying to get Boruta and keep on approaching the Reich Commissioner. The entourage of the Reichskommissar fuer die Festigung des Deutschen Volkstums is also convinced that there is no question of a transfer to the (brothers) aforementioned. Efforts are now being made to convince the Gutbrod brothers that the acquisition of Boruta would not be expedient for them; in this connection it was intended to advise them to inspect the plant themselves. The aforementioned agency therefore intends to write to the HTO and request it to contact the Boruta trustees with regard to an inspection of Boruta by the brothers Gutbrod.

For the rest, Geheimrat Lahnke advised us not to wait for the telephone call requested in our letter of 6 May 41, but to call him up ourselves. The telephone number can easily be ascertained at the HTO in Berlin.

I informed director Schaub on the above telephone call.

(signature) Kuepper

To:
Director Dr. von Schnitzler
" " ter Meer
" " Struss
Prokurist Eckert

CERTIFICATE OF TRANSLATION

I, Mona A.M. Macleod, NEP 38347, hereby certify that I am thoroughly conversant with the English and German languages; and that the above is a true and correct translation of the Document No. NI-8385.

13 September 1947

Mona A.M. Macleod,
NEP 38347 .

MICROCOPY

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ROLL

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END

